



4510-29-P

DEPARTMENT OF LABOR

Employee Benefits Security Administration

[Application No. **D-11687**]

Notice of Proposed Exemption

BlackRock, Inc. and its Investment Advisory, Investment Management and Broker-Dealer Affiliates and their Successors (Applicants)

Located in New York, NY

AGENCY: Employee Benefits Security Administration, U.S. Department of Labor.

ACTION: Notice of proposed exemption.

SUMMARY: This document contains a notice of pendency before the Department of Labor (the Department) of a proposed individual exemption from certain prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974, as amended (ERISA), the Federal Employees' Retirement System Act of 1986, as amended (FERSA), and the Internal Revenue Code of 1986, as amended (the Code). The proposed transactions involve BlackRock, Inc. and its investment advisory, investment management and broker-dealer affiliates and their successors. The proposed exemption, if granted, would affect plans for which BlackRock, Inc. and its investment advisory, investment management and broker-dealer affiliates and their successors

serve as fiduciaries, and the participants and beneficiaries of such plans.

EFFECTIVE DATE: If granted, this proposed exemption will be effective as of March 31, 2012, except that, with respect to Covered Transactions described in Section III.K. and S., the proposed exemption will be effective as of October 1, 2011.

WRITTEN COMMENTS AND HEARING REQUESTS: All interested persons are invited to submit written comments and/or requests for a hearing on the proposed exemption within forty five (45) days from the date of the publication of this Federal Register Notice. Comments and requests for a hearing should state: (1) the name, address and telephone number of the person making the comment or the request for a hearing and (2) the nature of the person's interest in the proposed exemption and the manner in which the person would be adversely affected by the proposed exemption. A request for a hearing must also state the issues to be addressed at the requested hearing and include a general description of the evidence to be presented at the requested hearing.

ADDRESSES: All written comments and requests for a public hearing concerning the proposed exemption should be sent to the

Office of Exemption Determinations, Employee Benefits Security Administration, Room N-5700, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210, Attention: Application No. D-11687. Interested persons are also invited to submit comments and/or hearing requests to the Employee Benefits Security Administration by e-mail or FAX. Any such comments or requests should be sent either to: moffitt.betty@dol.gov, or by FAX to (202) 219-0204 by the end of the scheduled comment period. The application for exemption and the comments received will be available for inspection in the Public Documents Room of the Employee Benefits Security Administration, U.S. Department of Labor, Room N-1513, 200 Constitution Avenue, NW, Washington, DC 20210.

WARNING: If you submit written comments or hearing requests, do not include any personally-identifiable or confidential business information that you do not want to be publicly-disclosed. All comments and hearing requests are posted on the Internet exactly as they are received, and they can be retrieved by most Internet search engines. The Department will make no deletions, modifications or redactions to the comments or hearing requests received, as they are public records.

FOR FURTHER INFORMATION CONTACT: Brian L. Shiker, Office of Exemption Determinations, Employee Benefits Security Administration, U.S. Department of Labor, telephone (202) 693-8552. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: This document contains a notice of proposed individual exemption from the restrictions of ERISA section 406(a)(1) and 406(b), FERSA section 8477(c)(1) and (c)(2) and the sanctions resulting from the application of Code section 4975, by reason of Code section 4975(c)(1). The proposed exemption has been requested by BlackRock, Inc. and its investment advisory, investment management and broker-dealer affiliates and their successors pursuant to ERISA section 408(a), Code section 4975(c)(2) and FERSA section 8477(c)(3), and in accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990). Effective December 31, 1978, section 102 of the Reorganization Plan No. 4 of 1978, (43 FR 47713, October 17, 1978) transferred the authority of the Secretary of the Treasury to issue exemptions of the type requested to the Secretary of Labor. Accordingly, this notice of proposed exemption is being issued solely by the Department.

SUMMARY OF FACTS AND REPRESENTATIONS¹

1. BlackRock, Inc. (BlackRock), based in New York, NY, is the largest publicly-traded investment management firm. BlackRock, through its investment advisory and investment management subsidiaries, currently manages assets for institutional and individual investors worldwide through a variety of equity, fixed income, cash management and alternative investment products. As of September 30, 2011, BlackRock, through its advisor subsidiaries, had approximately \$3.345 trillion in assets under management, including assets managed by BlackRock Institutional Trust Company, N.A. (BTC) (formerly known as Barclays Global Investors, N.A. (BGI)) and its affiliates. The Applicants² together with any other entity presently or

¹ Capitalized terms used but not defined in the Summary of Facts and Representations have the meaning set forth in Section VI of the proposed exemption.

² For purposes of this application, references to the "Applicants" include each of the banks, investment advisors and investment managers directly or indirectly, through one or more intermediaries, under the control of BlackRock, and any other bank, investment advisor or investment manager which subsequently becomes directly or indirectly, through one or more intermediaries, under the control of BlackRock, and successors of the foregoing. As of the date hereof, banks, investment advisors and investment managers under the control of BlackRock include, but are not limited to, BlackRock Advisors, LLC, BlackRock Financial Management, Inc., BlackRock Capital Management, Inc., BlackRock Institutional Management Corporation, BlackRock International, Ltd., BlackRock Realty Advisors, Inc., BlackRock Investment Management, LLC, BlackRock

subsequently under the direct or indirect control, through one or more intermediaries, of BlackRock and successors of any of the foregoing are referred to herein as the "BlackRock Entities."

2. BTC is a national banking association headquartered in San Francisco, California. Prior to its acquisition by BlackRock on December 1, 2009 (the Acquisition), BTC (then BGI) was the largest asset manager in the U.S. A significant amount of BTC's assets under management in the U.S. consist of assets of employee benefit plans subject to ERISA, FERSA and/or the Code. BTC is a market leader in index and model-driven investment products. Until its sale to BlackRock, BGI was an indirect subsidiary of Barclays PLC, a public limited company organized under the laws of England and Wales (Barclays). BTC, as of the date of the Acquisition, is a wholly-owned subsidiary of BlackRock.

3. The Applicants represent that they are regulated by various federal government agencies such as the Securities and Exchange Commission (SEC) and the Office of the Comptroller of the Currency, as well as state government agencies and industry

Fund Advisors, and BTC (collectively, the BlackRock Managers). "Applicants" also includes broker-dealers presently or subsequently under the direct or indirect control, through one or more intermediaries, of BlackRock.

self-regulatory organizations (e.g., the Financial Industry Regulatory Authority or, in the case of some broker-dealers and banks, corresponding foreign regulatory authorities). As with the Applicants, each of (a) Barclays, (b) The PNC Financial Services Group, Inc. (PNC), and (c) each entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with one or more of Barclays or PNC,³ has previously made representations to the Department regarding the significant extent to which they are regulated.⁴

The Acquisition

4. There have recently occurred extraordinary circumstances in both the U.S. financial services industry and the global financial services industry. Many entities in the financial services industry have faced severe economic hardship. During this period of upheaval, the recent trend of industry consolidation amongst significant banks, broker-dealers and other providers of financial services has accelerated. For

³ Each of Barclays and PNC is a "Minority Passive Shareholder" or "MPS," but, for avoidance of doubt, an MPS does not include any BlackRock Entity.

⁴ See applications associated with PTE 2009-25, 74 FR 45300 (September 1, 2009) (Barclays); and PTE 2009-22, 74 FR 45284 (September 1, 2009) (PNC).

example, in September 2008, Barclays Bank PLC (Barclays Bank), a subsidiary of Barclays, acquired most of the U.S. broker-dealer business of Lehman Brothers Holdings Inc.; and, in May 2008, Bear Stearns Companies Inc. was acquired by JPMorgan Chase & Co.

5. In this context, BlackRock, in June 2009, made a binding offer to Barclays pursuant to an Amended and Restated Stock Purchase Agreement by and among BlackRock, Barclays Bank and (for limited purposes) Barclays, which ultimately resulted in the Acquisition. BlackRock completed the Acquisition on December 1, 2009, in exchange for an aggregate of 37,566,771 shares of BlackRock common stock and participating preferred stock and approximately \$6.6 billion in cash. Barclays' decision to enter into the Acquisition was based upon a variety of factors that Barclays stated would be beneficial to its shareholders, including the creation of material economic exposure to a highly competitive global asset manager.

6. Prior to the Acquisition, PNC, indirectly through its subsidiary PNC Bancorp, Inc. (PNC Bancorp), held an approximately 31.9% economic interest and an approximately 43.2% voting interest in BlackRock. Bank of America Corporation (BOA), through its (indirect) wholly-owned subsidiary the Merrill Lynch Group, Inc. (the Merrill Group), held an approximately 48.3% economic interest and approximately 4.6%

voting interest in BlackRock. Immediately following the Acquisition, (1) Barclays, (2) BOA, and (3) PNC (each of Barclays and PNC, a Minority Passive Shareholder, or MPS) controlled the following interests in BlackRock:

BOA. BOA owned approximately 3.7% of BlackRock voting common stock and approximately 34.2% of BlackRock equity by value;

PNC. PNC owned approximately 35.2% of BlackRock voting common stock and approximately 24.5% of BlackRock equity by value; and

Barclays. Barclays owned approximately 4.8% of BlackRock voting common stock and approximately 19.8% of BlackRock equity by value.

7. Post-Acquisition, a secondary offering of BlackRock common stock was completed on November 15, 2010 (the Secondary Offering). BlackRock's ownership structure following the Secondary Offering was as follows: (a) BOA controlled 0% of BlackRock's voting common stock and approximately 7.1% of BlackRock's equity by value; (b) PNC controlled approximately 25.3% of BlackRock's voting common stock and approximately 20.3% of BlackRock's equity by value; and (c) Barclays controlled

approximately 2.3% of BlackRock's voting common stock and approximately 19.6% of BlackRock's equity by value.

8. On June 1, 2011, BlackRock repurchased from a subsidiary of BOA its remaining ownership interest in BlackRock (the BOA Repurchase). These shares were retired. As a result of the BOA Repurchase, BOA's economic stake in BlackRock was reduced to 0.0%. Concurrently with the BOA Repurchase, Barclays sold a portion of its BlackRock Series B Non-Voting Preferred Stock, which automatically converted into common stock in the hands of the purchaser. As a result of these events on June 1, 2011, Barclays' and PNC's holdings by economic value increased to approximately 19.7% and 21.7%, respectively, and Barclays' and PNC's voting ownership interests were reduced to approximately 2.2% and 24.6%, respectively.

9. All BlackRock stock beneficially owned from time to time by each MPS (other than stock held in certain fiduciary capacities and customer or market making accounts) is subject to a stockholders agreement entered into by and between that MPS and BlackRock (collectively, the Stockholders Agreements). Pursuant to each respective Stockholders Agreement, each MPS has the right to identify to BlackRock two (2) prospective directors, and, if such nominees are reasonably acceptable to the BlackRock Board of Directors (the Board), BlackRock and each respective

MPS agrees to use best efforts to cause the election of such nominees to the Board.⁵ However, at least nine (9) of the current directors⁶ must be "independent" (within the meaning of New York Stock Exchange (NYSE) rules)⁷ of the MPSs and BlackRock management. Furthermore, subject to limited exceptions, each Stockholders Agreement provides that the relevant MPS must vote its BlackRock voting common stock in accordance with recommendations of the Board. In addition, the Audit Committee, the Management Development and Compensation Committee, and the Nominating and Governance Committee of the Board must consist entirely of independent directors, and a majority of each other committee (if any) of the Board, with the exception of the

⁵ The Stockholders Agreements also contemplate a reduction in the number of Board seats which an MPS is entitled to designate to one upon falling below a 10% equity interest for 90 consecutive days, and to zero upon falling below a 5% equity interest for 90 consecutive days.

⁶ There are currently 17 directors on the Board. The maximum permitted number of directors on the Board pursuant to the Stockholders Agreements is 19.

⁷ Section 303A.01 of the NYSE Listed Company Manual requires listed companies to have a majority of independent directors. Although an exception is made for companies controlled by a group of shareholders, the Stockholders Agreements among BlackRock and the MPSs preclude the MPSs from becoming part of any such group. BlackRock represents that, based on current equity ownership levels, the Board must include a minimum of 13 directors total (except for temporary vacancies arising by reason of, for example, poor health, retirement or resignation).

Executive Committee,⁸ must consist of independent directors. The Stockholders Agreements provide, with limited exceptions, that all decisions of any committee of the Board require the presence of a majority of the directors at a meeting then serving on such committee. In fact, as of the date hereof, none of the directors identified to the Board by an MPS serve on any committee of the Board, except that one director identified to the Board by PNC serves on the Executive Committee. While each MPS monitors its investment in BlackRock through Board members it identified to the Board and each MPS has certain limited governance rights, no MPS has or will have, through the Board members it identified, any involvement in the day-to-day management of BlackRock, any BlackRock Manager or other BlackRock Entity.

10. In addition, the Stockholders Agreements provide for additional restrictions on the ability of an MPS to control BlackRock or any BlackRock Manager. These restrictions include standstill arrangements establishing caps on voting interests,⁹ transfer restrictions, and restrictions relating to arm's length

⁸ The Executive Committee of the Board has not met for over five (5) years.

⁹ The following are the caps on voting interests contained in the Stockholder Agreements: PNC = 49.9%; and Barclays = 4.9%. The following are the caps on economic interest: PNC = 38%; and Barclays = 19.9%.

business relationships between an MPS (or its affiliates) and BlackRock (or its affiliates) in each case as set forth in the applicable Stockholders Agreement.

Interim Prohibited Transaction Relief

11. The Applicants previously applied for (Application No. D-11588) and the Department issued Prohibited Transaction Exemption 2011-17, 76 Fed. Reg. 50632 (August 15, 2011) (the Interim Exemption) that covers certain transactions entered into by BlackRock Managers with, or involving, certain direct or indirect minority passive shareholders in BlackRock, and certain entities related thereto, on behalf of Client Plans or Pooled Funds subject to ERISA, the Code and/or FERSA. Since the Acquisition Date, the Applicants represent that they have expended a significant amount of time, money and other resources to establish and maintain the necessary infrastructure to ensure compliance with the conditions for relief set forth in the Interim Exemption. The Applicants have, among other things, put together a legal and compliance staff that is devoted to assuring compliance with the Interim Exemption, dedicated significant technology resources to developing trading systems and compliance solutions designed to address the requirements of the Interim Exemption, engaged in extensive training of BlackRock personnel (covering individuals serving in legal,

compliance and business roles) regarding compliance with the Interim Exemption, and implemented robust post-trade reporting and record-keeping to monitor compliance with the Interim Exemption.

The Interim Exemption expires on the earlier of (a) the effective date of this proposed exemption, if granted, or (b) March 31, 2012.

Requested Relief

12. Given the unique nature of the BlackRock ownership structure following the Acquisition and subsequent Secondary Offering and BOA Repurchase, the Applicants believe that neither MPS should be regarded for ERISA purposes as an "affiliate" of BlackRock or any BlackRock Manager, because the Applicants believe that no MPS, alone or with the other MPS, is or will be in a position to "control" BlackRock. In addition to the BlackRock ownership structure itself preventing MPS control of BlackRock, the Applicants believe that the Stockholders Agreements provide several important safeguards to mitigate the possibility of an MPS exerting any form of control that might otherwise raise concerns under ERISA. In particular, the standstill agreements, transfer restrictions and arm's length business relationship provisions are designed to ensure that BlackRock maintains its independence. Even if the MPSs wished

to act together to control BlackRock, BlackRock believes that the MPSs would not be able to control BlackRock because the Stockholders Agreements mandate that each MPS vote its shares in accordance with the recommendations of the Board, which is dominated by persons other than nominees identified by MPSs. Lastly, the MPSs are competitors in the financial services industry, and as such, concerted action among the MPSs is extremely unlikely.

13. Nevertheless, the Applicants represent that when a BlackRock Manager is a fiduciary with investment discretion with respect to a Client Plan¹⁰, and the BlackRock Manager is deciding whether to enter into a Covered Transaction¹¹ with or involving an MPS, the ownership interest of the MPS in BlackRock could affect the BlackRock Manager's best judgment as a fiduciary, raising issues under ERISA section 406(b). The

¹⁰ "Client Plan" is defined in Section VI.T. of the proposed exemption and means any plan subject to ERISA section 406, Code section 4975 or FERSA section 8477(c) for which a BlackRock Manager is a fiduciary as described in ERISA section 3(21), including, but not limited to, any Pooled Fund, MPS Plan, Index Account or Fund, Model-Driven Account or Fund, Other Account or Fund, or In-House Plan, as defined in Section VI of the proposed exemption, except where specified to the contrary.

¹¹ "Covered Transaction" is defined in Section VI.X. of the proposed exemption and means each transaction set forth in Section III of the proposed exemption entered into by a BlackRock Manager for a Client Plan with or involving, directly or indirectly, an MPS and/or a BlackRock Entity.

Applicants note that the Department's regulation at 29 CFR § 2550.408b-2(e)(1) provides that "[a] person in which a fiduciary has an interest which may affect the exercise of such fiduciary's best judgment as a fiduciary includes, for example, a person who is a party in interest by reason of a relationship to such fiduciary described in section 3(14)(E), (F), (G), (H), or (I)" of ERISA. ERISA section 3(14)(H) provides that a 10% or more shareholder of a service provider (which may include a plan fiduciary) is a party in interest to the plan in question by reason of that relationship to the service provider. Accordingly, the Applicants seek relief from the prohibitions of ERISA section 406(b) for the Covered Transactions.

14. Further, if BlackRock Entities and one or more MPS are deemed affiliates, and because each MPS and its affiliates are very likely parties in interest within the meaning of ERISA section 3(14) with respect to many Client Plans, the Applicants also seek relief from the prohibitions of ERISA section 406(a) with respect to the Covered Transactions. Specifically, many prohibited transaction class exemptions from ERISA section 406(a) require as a condition for relief that the plan fiduciary and the party in interest not be "affiliates." Although the Applicants believe that no MPS should be regarded for ERISA purposes as an "affiliate" of BlackRock, the

Applicants desire the certainty of relief which the proposed exemption would provide if Covered Transactions are entered into in conformance therewith.

15. As discussed above, there have recently occurred extraordinary circumstances in both the U.S. and the global financial services industry. Many entities in the financial services industry have faced severe economic hardship. During this period of upheaval, the trend of industry consolidation amongst significant banks, broker-dealers and other providers of financial services has accelerated. It is the Applicants' belief that each MPS' involvement in financial services has expanded at the same time as the number of participants in the capital markets has declined. As a result, the Applicants believe that the failure to obtain exemptive relief proposed herein would deny Client Plans access to a significant portion of the financial markets and that such denial would unduly harm Client Plans and their participants and beneficiaries.

16. The Applicants request that the Department continue relief similar to that provided in the Interim Exemption on the terms set forth herein. The exemption proposed herein would provide relief for certain Covered Transactions that, except as outlined below, are similar in all material respects to the Covered

Transactions for which relief is provided in the Interim Exemption.

Structure of Relief

17. The structure of the Applicants' requested relief is founded upon compliance with five sets of general conditions. The five sets of general conditions are: (a) modified conditions derived from Prohibited Transaction Exemption (PTE) 84-14, as amended (sometimes referred to as the QPAM Exemption)¹²; (b) restrictions on the compensation of BlackRock Managers and their employees; (c) the establishment and implementation of certain policies and procedures (the Exemption Policies and Procedures or EPPs); (d) the appointment by BlackRock of an Exemption Compliance Officer (ECO); and (e) the retention by BlackRock of an Independent Monitor (IM). The purpose of these general conditions is, when coupled with the restrictions of the Stockholders Agreements and the BlackRock ownership structure, to foster independence of action by the BlackRock Managers notwithstanding the equity interests in BlackRock held by the MPSs. This unique overarching structure includes a comprehensive compliance function and an independent monitor, each of which work together for the benefit of Client

¹² 49 FR 9494 (Mar. 13, 1984), as amended, 70 FR 49305 (Aug. 23, 2005), and as amended, 75 FR 38837 (July 6, 2010).

Plans and their participants and beneficiaries by allowing Covered Transactions with or involving an MPS only if the Covered Transaction is, as best as can be determined, as favorable to the Client Plans as arm's length transactions with third parties.

18. In addition to the general conditions, each Covered Transaction has its own set of specific conditions deemed suitable for it in light of the nature of the transaction. Many of the conditions for individual Covered Transactions are derived from statutory exemptions, administrative class exemptions or administrative individual exemptions frequently relied upon by fiduciaries and parties in interest (sometimes affiliated and sometimes not) to exempt similar transactions. The general and transaction-specific conditions for relief attempt to strike a balance that takes into account both the MPSs' unique equity interests in BlackRock and the ability of BlackRock Managers acting on behalf of Client Plans to engage in arm's length Covered Transactions with or involving institutions as significant in their markets as are the MPSs.

General Conditions

19. The structure of the relief proposed herein is very similar to that granted in the Interim Exemption, and is founded upon compliance with general conditions that are essentially the same

as the general conditions set forth in the Interim Exemption. Accordingly, Section II of the proposed exemption provides general conditions as follows:

20. Compliance with the QPAM Exemption (Section II.A.). With certain exceptions, the conditions for relief under Part I of PTE 84-14 (the QPAM Exemption) must be satisfied with respect to each Covered Transaction.¹³ These exceptions are substantially similar to those set forth in the Interim Exemption.¹⁴ Each BlackRock Manager utilizing the requested relief must meet the definition of a "qualified professional asset manager" (QPAM) as described in Section VI(a) of the QPAM Exemption, and each Covered Transaction must satisfy the general conditions relating to the QPAM Exemption as set forth in the proposal, which are essentially the same as the Interim Exemption's general conditions relating to the QPAM Exemption.

21. The Applicants, however, believe that the Interim Exemption's conditions should be modified in order to more

¹³ The QPAM Exemption may not be relied upon for securities lending. See Part I(b)(1) of the QPAM Exemption. However, for purposes of the exemption proposed herein, securities lending constituting Covered Transactions involving an MPS must comply with the terms of Section II.A. of the proposed exemption as well as the specific conditions set forth in Section III.L. of the proposed exemption.

¹⁴ 76 FR at 50637.

accurately reflect BlackRock's ability to monitor the entities that provide investment advice to Client Plans' assets under its management. As a result of changes made in this regard, a new Section II.A.3.(b) has been added to the proposed exemption. A discussion of Section II.A.3.(b) is set forth below under Covered Transactions.

22. Compensation Restrictions (Section II.B). The Applicants recognize that an unrestricted ability for employees of BlackRock to receive compensation in connection with the Covered Transactions could give rise to potential ERISA conflicts. In order to address this potential for conflicts, Section II.B. of the proposed exemption provides for the same compensation restrictions set forth in the Interim Exemption.¹⁵

23. Exemption Policies and Procedures (Section II.C.). The Applicants recognize that, in order for BlackRock to successfully manage and monitor Covered Transactions, the establishment and use of systematic policies and procedures is essential. Section II.C. of the proposed exemption requires that BlackRock utilize (and update as necessary) the "Exemption Policies and Procedures", or "EPPs", that were developed and used in connection with the Interim Exemption and which address

¹⁵ 76 FR at 50638.

each of the Covered Transactions. Consistent with the Interim Exemption, the Exemption Policies and Procedures will be developed and/or updated with the cooperation of both the ECO and the IM, and such EPPs will remain subject to the approval of the IM. The EPPs need not address transactions which are not within the definition of the term Covered Transactions.

24. Exemption Compliance Officer (II.D.). The Applicants recognize that in order to ensure compliance with the EPPs and the terms of the proposed exemption an internal compliance officer is necessary. Consistent with the Interim Exemption, Section II.D. of the proposed exemption requires that BlackRock employ an internal "Exemption Compliance Officer", or "ECO", as well as an "ECO Function".¹⁶ The ECO and the ECO Function will be maintained by BlackRock in order to monitor the Covered Transactions for compliance with the Code, ERISA, FERSA, the EPPs and the exemption. The responsibilities and requirements of the ECO and the ECO Function are set forth in Section II.D. of the proposed exemption.

¹⁶ For purposes hereof, "ECO Function" is defined in Section VI.Z. of the proposed exemption and means the ECO and such other BlackRock employees in legal and compliance roles working under the supervision of the ECO in connection with the Covered Transactions. The list of BlackRock employees shall be shared with the IM from time to time, not less than quarterly, and such employees will be made available to discuss the relevant Covered Transactions with the IM to the extent the IM or the ECO deem it reasonably prudent.

25. Independent Monitor (II.E.). The Applicants believe that the ECO and the ECO Function alone may not be sufficient to completely avoid potential conflicts of interests or the appearance thereof. Conversely, the Applicants also believe that a wholly independent third party alone would not be able to efficiently or effectively monitor and oversee all of the relevant BlackRock activities. Consistent with the Interim Exemption, Section II.E. of the proposed exemption requires that BlackRock appoint an "Independent Monitor", or "IM". The IM will monitor the ECO and the Covered Transactions for compliance with the Code, ERISA, FERSA, the EPPs and the exemption. The responsibilities and requirements of the IM are set forth in Section II.E. of the proposed exemption.

26. Notice (II.F.). Client Plans will receive notice regarding the proposed exemption through publication in the Federal Register. The Applicants believe that such notice is sufficient and that additional mailings to the Client Plans would be confusing and burdensome to the Client Plans given the substantial similarity between the Interim Exemption and this proposed exemption.

Covered Transactions

27. As discussed above, the structure of the requested relief is founded upon compliance with five sets of general conditions.

These five sets of general conditions are then modified by specific conditions deemed suitable for each Covered Transaction. Many of the conditions for individual Covered Transactions are derived from statutory exemptions, administrative class exemptions or administrative individual exemptions frequently relied upon by fiduciaries and parties in interest (sometimes affiliated and sometimes not) to exempt similar transactions. Section III of the proposed exemption sets forth the Covered Transactions for which the Applicants are seeking exemptive relief and the conditions which must be satisfied in respect of such Covered Transactions in order to be accorded such relief.

28. Except as described below, the Covered Transactions for which relief is proposed herein are substantially similar to the corresponding "Covered Transactions" in the Interim Exemption, and each such Covered Transaction is subject to substantially the same conditions as set forth in the Interim Exemption.¹⁷

The Applicants are not requesting relief with respect to the Covered Transactions described in Section III.A. (Continuing Covered Transactions), T. (The Provision of Custodial, Administrative and Similar Ministerial Services by an MPS for a Client Plan as a Consequence of a BlackRock Manager Exercising

¹⁷ 76 FR at 50640.

Investment Discretion on Behalf of the Client Plan or Rendering Investment Advice to the Client Plan) or W.(Investment of Assets of MPS Plans in a BlackRock Bank-Maintained Common or Collective Trust as of the Date of the Acquisition - Fees Paid Outside the Trust) of the Interim Exemption. However, the Applicants are seeking exemptive relief with respect to a new Covered Transaction described in Section III.W. of the proposed exemption.

29. The Applicants further request, with respect to a small number of the Covered Transactions identified herein, certain changes from the relief provided in the Interim Exemption and to the applicable conditions. Set forth below is a discussion of (a) three broad changes that impact multiple Covered Transactions and (b) modifications with respect to specific Covered Transactions.

30. MPS Investment Advice. The Interim Exemption imposed conditions with respect to several Covered Transactions that restricted BlackRock Managers from engaging in transactions with MPSs that possess discretionary authority or control with respect to the investment of the Client Plan assets involved in the transaction, or render investment advice within the meaning of 29 C.F.R. section 2510.3-21(c) with respect to such assets. This condition was set forth in Section III.I. (Repurchase

Agreements), L. (Bank Deposits and Commercial Paper), M. (Securities Lending) and U. (ABCP Conduit) of the Interim Exemption. In this proposed exemption, the relevant sections are re-designated Section III.H. (Repurchase Agreements), K. (Bank Deposits and Commercial Paper), L. (Securities Lending) and S. (ABCP Conduit).

The Applicants represent that BlackRock Managers are often unable to make a determination as to which parties provide investment advice with respect to Client Plan assets. The inability to make these determinations created uncertainty as to which parties were subject to the restriction of these conditions, resulting in the relief provided in the Interim Exemption for those sections being unworkable in some situations from a practical perspective. The Applicants, therefore, requested deletion of that portion of the condition that would limit transactions with MPSSs that provide investment advice within the meaning of 29 C.F.R. section 2510.3-21(c).

The Department understands the Applicants' concerns regarding the practical implication of the restriction on transactions with investment advice providers and, for purposes of the exemption proposed herein, has revised the conditions at issue so that the restriction only apply to transactions with MPSSs that possess discretionary authority or control with

respect to the investment of the Client Plan assets involved in the transaction. The Department additionally made several related changes to the affected sections. First, the Department added a condition to Section III.H. and K. to clarify that the Client Plan involved in the transaction may not be an MPS Plan of the MPS with whom the transaction takes place, or an MPS Plan of another member of the same MPS Group as such MPS. Second, at the Applicants' request, the Department revised Section II.A.3. to include a new Section II.A.3.(b), which provides that the conditions described above in this paragraph shall be deemed satisfied if, with respect to the Covered Transaction in question, section II.A.3.(a) is satisfied. Section II.A.3.(a) provides that, in the case of an investment fund in which two or more unrelated Client Plans have an interest, a Covered Transaction with an MPS will be deemed to satisfy the requirements of Section II.A.2. of the proposed exemption if the assets of a Client Plan on behalf of which the MPS or its affiliate possesses the authority and which are managed by the BlackRock Manager in the investment fund, when combined with the assets of other Client Plans established or maintained by the same employer (or an affiliate thereof) or by the same employee organization, on behalf of which the same MPS possesses such authority and which are managed in the same investment fund, represent less than ten percent (10%) of the assets of the

investment fund. Finally, with respect to relief for Securities lending by a BlackRock Manager to an MPS, the Department included two additional conditions in Section III.L. similar to those contained in subsections (p) and (q) of PTE 2002-46.¹⁸ It is the Department's view that the general conditions of the proposed exemption, including the modified conditions derived from the QPAM exemption, with the specific conditions of these Sections as modified, provide sufficient safeguards for the affected Client Plans, participants and beneficiaries, even without the restriction on transactions with investment advice providers.

31. Directed Brokerage Accounts/Wrap Agreements. Section III.P., R., S. and V. of the Interim Exemption provided relief that included a provision that permitted BlackRock Managers to use an MPS as a Securities broker pursuant to either directed brokerage and/or wrap fee arrangements in effect on the date of the Acquisition.¹⁹ The Applicants represent that relief for such directed brokerage and/or wrap fee arrangements is no longer necessary. In the absence of such necessity, the Department has eliminated the directed brokerage and/or wrap fee

¹⁸ 67 FR 59569 (September 23, 2002), as corrected, 67 FR 69046 (November 14, 2002).

¹⁹ 76 FR at 50647-50650.

agreement provisions in the corresponding sections (Section III.O., Q., R. and T.) of the proposed exemption.

32. Primary/Secondary Markets and Agency/Principal. Section III.L and U. of the Interim Exemption provided relief with respect to (a) investments in bank deposits and commercial paper, and (b) purchases, sales and holdings by BlackRock Managers for Client Plans of commercial paper issued by ABCP conduits, when an MPS has one or more roles.²⁰ The Applicants request changes from the conditions with respect to both Covered Transactions in the Interim Exemption. Purchases, sales and placements of bank deposits and commercial paper commonly occur without reference to primary or secondary markets and without distinction as to whether they are on a principal or agency basis. As a result, such distinctions are simply not relevant to the short term instruments described in the Covered Transactions (which is in contrast to trading of longer term Fixed Income Obligations or equity Securities). To address this issue, the Department has modified the language of Section II.K. and S. of the proposed exemption to more accurately reflect the nomenclature of bank deposits and commercial paper.

²⁰ 76 FR at 50643 and 50649.

33. Repurchase Agreements when an MPS is the Seller (Section III.H.). With respect to Covered Transactions involving investments in repurchase agreements when an MPS is the seller, the Interim Exemption provided relief with respect to certain repurchase agreements that were in effect as of the date of the Acquisition that otherwise would not have complied with the conditions of the Interim Exemption.²¹ Applicants represent that such repurchase agreements are no longer in place. As a result, the Applicants are no longer requesting relief with respect to repurchase agreements that were in effect as of the date of the Acquisition. The Department has made this change to the proposed exemption.

34. Bank Deposits and Commercial Paper (Section III.K.). With respect to Covered Transactions involving investments in bank deposits and commercial paper, the Applicants request changes from the conditions in the Interim Exemption. The Applicants represent that, with respect to commercial paper, an MPS may often act in a continuing capacity, such as a placement agent or an administrator. To address this concern, the language of the proposed exemption has been modified to reflect the fact that an MPS may act in a continuing capacity. In addition, in order to provide additional protections for participants and

²¹ 76 FR at 50642.

beneficiaries, the proposed exemption provides that all purchases and sales of commercial paper to or from an MPS be made pursuant to the Three Quote Process.

35. Securities Lending to an MPS (Section III.L.). The Interim Exemption provided relief for the lending of securities by BlackRock Managers to an MPS. Such relief was extended to both (a) Index Accounts or Funds and Model-Driven Accounts or Funds and (b) Other Accounts or Funds. For purposes of this proposed exemption, the Applicants limited their request to relief for Index Accounts or Funds and Model-Driven Accounts or Funds. The Department has revised Section III.L. of the proposed exemption accordingly.

36. To-Be-Announced Trades (TBAs) of GNMA, FHLMC, FarmerMac or FNMA Mortgage-Backed Securities with an MPS Counterparty (Section III.M.). With respect to To-Be-Announced Trades (TBAs), Section III.N. of the Interim Exemption provided relief for TBAs of GNMA, FHLMC, or FNMA Mortgage-Backed Securities with an MPS counterparty.²² The Applicants request that the Department add FarmerMac mortgage-backed Securities to the relief provided for TBAs. Such additional relief is necessary because the Applicants have found that, in practice, BlackRock

²² 76 FR at 50647.

Managers may engage in principal trades on a TBA basis with FarmerMac mortgage-backed Securities. Not allowing such TBAs, according to the Applicants, would deprive Client Plans of a substantial pool of TBAs.

The Applicants represent that the addition of relief for TBAs of FarmerMac mortgage-backed Securities is consistent with the relief provided in the Interim Exemption with respect to both FHLMC and FNMA mortgage-backed Securities. All three entities are the recipients of indirect government guarantees, and each entity has historically been treated similarly by the Department.²³ The Department agrees with the Applicants, and it has added FarmerMac mortgage-backed Securities to the relief proposed for TBAs herein.

37. Purchase of a Portion or All of a Loan to an Entity Which is not an MPS and is not a BlackRock Entity from an MPS or Other Arranger and the Holding thereof by BlackRock Managers Where an MPS is an Arranger, and/or an MPS has an Ongoing Function Regarding Such Loan (Section III.W.). The Applicants request exemptive relief with respect to a new Covered Transaction. The Applicants represent that there is a significant market in Loans (and participations in such Loans) made to commercial borrowers to finance either their current and ongoing operations, or a

²³ See ERISA Advisory Opinion 99-05A (February 22, 1999).

specific transaction. The terms governing the Loans and the lenders' commitment to fund them are generally negotiated between the borrower and the sole Arranger or Lead Arranger,²⁴ as applicable. The sole Arranger, or Lead Arranger with the assistance of the other Arrangers, undertakes to effectively sell portions of the Loan in a Loan Offering²⁵ by finding one or more sophisticated financial institutions such as commercial banks, insurance companies or other companies or funds regularly engaged in making, investing in, purchasing or selling commercial loans with sufficient capital to either take an assignment of, or a participation interest in, all or a portion of the Loan, on either a firm commitment or best efforts basis (in each case, as described below). The Arrangers assume a portion of the commitment to the borrower to fund the Loans

24 "Arranger" is defined in Section VI.I. of the proposed exemption and the term means a sophisticated financial institution, such as a commercial or investment bank, regularly engaged in structuring commercial loans, and "Lead Arranger" is defined in Section VI.ZZ. of the proposed exemption and the term means, with respect to any Loan Offering involving more than one Arranger, the Arranger designated as such by all of such Arrangers.

25 "Loan Offering" is defined in Section VI.BBB. of the proposed exemption and the term means, with respect to the aggregate principal amount of any Loan extended to a commercial borrower in any single transaction, the process of structuring, marketing and offering to banks, insurance companies, investment funds and other institutional investors the opportunity to purchase interests in such Loan.

initially. The Applicants represent that conceptually, these types of lending transactions are similar to the purchase and holding by BlackRock Managers on behalf of Client Plans of Fixed Income Obligations issued by third parties where an MPS may act as the underwriter.²⁶

The Applicants further represent that in a firm commitment Loan Offering, the Arrangers are obligated to make the Loan in the full amount of their commitment, even if they have not found other investors to participate in or take an assignment of all or a portion of the Loan. If the transaction is conducted on a best efforts basis, the Arrangers are not obligated to make the Loan in the full amount requested by the borrower if there is not sufficient interest in the market. Selling efforts with respect to a particular Loan Offering do not begin before a decision is made regarding whether such Loan Offering will be made on a firm commitment or best efforts basis. The Applicants are only requesting relief under the proposed exemption for Loans that are made on a firm commitment basis.

²⁶ Solely for purposes of Section III.W. of the proposed exemption, "Loan" is defined in Section VI.AAA. of the proposed exemption and the term does not include any Fixed Income Obligations which are covered separately under Section IV.A. of the proposed exemption.

The Applicants represent that potential purchasers of a portion or all of a Loan are able to review relevant information about the Loan in advance, and indicate whether they are interested in taking an assignment or participation in such Loan. In an assignment, the lender of record of the portion of the Loan which is assigned is changed, and the title, voting rights and all other rights are transferred to the assignee. In a participation, the lender of record remains the original lender, and such lender typically retains voting rights, except for certain extraordinary actions primarily relating to the economic terms of the Loan. The Applicants are only requesting relief under the proposed exemption for transactions involving the assignment of Loans.

The Applicants represent that the sole Arranger or Lead Arranger, as applicable, is typically responsible for negotiating the terms of the Loan, including the Loan Offering, commitment or other similar underwriting fee to be paid by the borrower, and building a book of investors to hold the Loan. Where there is more than one Arranger, other Arrangers may participate in the sales effort in coordination with the Lead Arranger. The material terms of the Loan are typically negotiated and agreed with the borrower before commencement of the Loan Offering effort. When the sole Arranger or Lead

Arranger, as applicable, has negotiated the material terms of the Loan, they are posted to one or more web-based sites (e.g., Intralinks) for potential investors and lenders to review. These sites provide detailed information regarding the borrower and draft Loan documents (e.g., credit agreement, confidential information statement). The covenants in the applicable credit agreement are often more highly structured than in a high yield fixed income underwritten offering and thereby would typically provide enhanced protection for investors.

The Applicants represent that the fee received by an Arranger depends upon whether the offering is on a firm commitment or a best efforts basis and is generally calculated as a percentage of the principal amount of the Loan. The fee is generally higher for a firm commitment transaction than a best efforts transaction. In a firm commitment transaction, each Arranger will receive a specified percentage of the fee which is determined on the basis of the size of the Loan commitment before the sales effort commences and the amount of such fee does not vary depending on a particular member's success in the sales effort. Thus, if an MPS is an Arranger, its compensation in the form of the fee will not increase if a BlackRock Manager on behalf of a Client Plan purchases from such MPS, rather than another Arranger.

The Applicants represent that in some Loan transactions, the sole Arranger or Lead Arranger, as applicable, has no ongoing role after the sale with respect to the Loans. In other transactions, the sole Arranger or Lead Arranger, as applicable, does serve an ongoing function such as an administrative agent or a collateral agent. Most commonly, the collateral agent and the administrative agent are the same entity. The Applicants further represent that generally: (a) the administrative agent acts as an agent between the lenders and the borrower; the role of an administrative agent is administrative and ministerial and involves relaying information, tallying votes and organizing calls; there is no fiduciary relationship between the lenders and the administrative agent; and there is generally a flat fee (currently in the range of \$100,000 to \$200,000 per annum) for acting as an administrative agent and this fee is paid by the borrower; and (b) the collateral agent holds the collateral on behalf of all of the lenders.

The Applicants represent that, according to their research, the Barclays MPSs are ranked in the top ten Arrangers for Loans. They acted in 92 deals in 2010, representing 6% market share and in 70 deals in the first half of 2011, representing a 7.6% market share. The same research indicates that the shares of

PNC MPSSs are smaller, but the PNC MPSSs still rank in the top 25 Arrangers for Loans.

The Applicants represent that investments in these types of firm commitment assigned Loans represent an attractive investment opportunity for Client Plans. Such Loans are typically senior secured and typically have the highest or second highest priority of claim on a borrower's assets and cash flow. Such Loans also provide an opportunity to generate a return based upon a floating interest rate (resulting in Client Plans receiving more when interest rates rise). The Applicants believe that a failure to obtain relief for this type of Covered Transaction would materially inhibit Client Plan access to this significant asset class.

In response, the Department is proposing relief for the purchase and holding of all or a portion of a Loan by a BlackRock Manager on behalf of a Client Plan, where such purchase may be from an MPS or other Arranger, and/or an MPS may be an Arranger and/or have an ongoing function regarding such Loan. Conditions applicable to this type of transaction would be: (a) the BlackRock Manager on behalf of the Client Plan obtains an assigned interest in the Loan or a portion thereof, as opposed to a participation interest, (b) the borrower under the Loan must not be an MPS or BlackRock Entity, (c) the Loan

must be offered on a firm commitment basis, (d) conditions similar to Subsections IV.A.4-12., as applicable, and (e) if an MPS has an ongoing function in respect of such Loan, such as an administrative agent or collateral agent, the taking of or refraining from taking of any action by the responsible BlackRock Manager which could have a material positive or negative effect upon the MPS must be decided upon by the IM.

Affiliated Underwritings and Affiliated Servicing (Section IV)

38. Covered Transactions for which relief is proposed herein, including Sections III.B., D., E. and F., include in their conditions requirements regarding affiliated underwriting and affiliated servicing that are set forth in Section IV of the proposed exemption. The Department notes that these conditions are substantially similar to those under the Interim Exemption.²⁷

Correction Procedures (Section V)

39. The Applicants request confirmation that isolated transgressions of the EPPs, or isolated failures to comply with the conditions associated with a Covered Transaction constituting a non-exempt prohibited transaction (the latter, a Violation) should not cause the entire exemption, if granted, to

²⁷ 76 FR at 50651.

cease to be available. Only a persistent pattern or practice of violations of the EPPs or the conditions of the exemption should potentially cause the exemption to be revoked. The Department notes that the correction procedures under the proposed exemption are substantially similar to those under the Interim Exemption, and the Department concurs with the Applicants' analysis on this issue.²⁸

Effective Date

40. If granted, the proposed exemption will be effective March 31, 2012. However, Applicants represent that they substantially complied with the conditions applicable to Covered Transactions described in Section III.K. and S. effective October 1, 2011. As a result, the proposed exemption will be effective with respect to Covered Transactions described in Section III.K. and S. as of October 1, 2011.

41. In summary, the Applicants represent that the exemption proposed herein will satisfy the statutory criteria of ERISA section 408(a) and Code section 4975(c)(2) because:

(a) Administratively feasible. The Applicants believe that the proposed exemption is administratively feasible. Most

²⁸ 76 FR at 50654.

of the Covered Transactions are the subject of existing statutory and/or administrative exemptions. The conditions for relief for the Covered Transactions have been modified to reflect, on the one hand, the possible negative implication of the equity investments of the MPSs in BlackRock, and on the other hand, the circumscribed ability of the MPSs to exercise rights normally associated with such equity investments. In addition, EPPs have been developed with the cooperation and approval of the IM; an ECO has been appointed to report on compliance with the terms of the exemption and the EPPs; and the IM will review compliance reports, pass upon corrections of Violations, and if necessary, contact the Department. Granting the proposed exemption requires no additional monitoring by the Department.

(b) In the interest of plans and participants and beneficiaries. The Applicants believe that the proposed exemption is in the interest of plans and participants and beneficiaries because the proposed exemption would allow BlackRock Managers to continue to engage in Covered Transactions with major participants in the financial markets which are necessary and beneficial to plans and their participants and beneficiaries. While many Covered Transactions (although perhaps not all) could be engaged in with parties other than

MPSs, in numerous cases such transactions would be quantitatively or qualitatively inferior to the same transactions with an MPS.

(c) Protective of the rights of participants and beneficiaries of such plans. Each of the Covered Transactions is protective of the rights of participants and beneficiaries because specific conditions have been tailored to their respective natures. More broadly, the rights of participants and beneficiaries are protected by the general conditions, modeled on the QPAM Exemption, that are applicable to all Covered Transactions. The general protective conditions include compensation restrictions, development of EPPs, and implementation of EPPs with the cooperation and approval of the IM. Further, the ECO will report on compliance with the exemption and the EPPs, and the IM will review compliance reports, pass upon corrections of Violations, and if necessary, contact the Department.

PROPOSED EXEMPTION

Based on the facts and representations set forth in the application, the Department is considering granting the following exemption under the authority of ERISA section 408(a), Code section 4975(c)(2) and FERSA section 8477(c)(3), and in

accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990), as follows:

SECTION I: COVERED TRANSACTIONS GENERALLY

If the proposed exemption is granted, effective as of March 31, 2012 (or, in the case of Covered Transactions described in Section III.K or Section III.S. of this exemption, October 1, 2011), the restrictions of ERISA sections 406(a)(1) and 406(b), FERSA section 8477(c)(1) and (2), and the sanctions resulting from the application of Code section 4975, by reason of Code section 4975(c)(1), **29** shall not apply to the Covered Transactions set forth in Section III and entered into on behalf of or with the assets of a Client Plan; provided, that (x) the generally applicable conditions of Section II of this exemption are satisfied, and, as applicable, the transaction-specific conditions set forth below in Sections III and IV of this exemption are satisfied, or (y) the Special Correction Procedure set forth in Section V of this exemption is satisfied.

29 For purposes of this proposed exemption, references to ERISA section 406 should be read to refer as well to the corresponding provisions of Code section 4975 and FERSA section 8477(c).

SECTION II: GENERALLY APPLICABLE CONDITIONS

A. *Compliance with the QPAM Exemption.* The following conditions of Part I of Prohibited Transaction Exemption 84-14, as amended (PTE 84-14 or the QPAM Exemption), **30** must be satisfied with respect to each Covered Transaction:

1. The BlackRock Manager engaging in the Covered Transaction is a Qualified Professional Asset Manager;

2. Except as set forth in Section III of this exemption, at the time of the Covered Transaction (as determined under Section VI(i) of the QPAM Exemption) with or involving an MPS, such MPS, or its affiliate (within the meaning of Section VI(c) of the QPAM Exemption), **31** does not have the authority to:

(a) appoint or terminate the BlackRock Manager as a manager of the Client Plan assets involved in the Covered Transaction, or

30 49 FR 9494 (Mar. 13, 1984), as amended, 70 FR 49305 (Aug. 23, 2005), and as amended, 75 FR 38837 (July 6, 2010).

31 Solely for purposes of Section II.A.2. and Section II.A.3. of this exemption, no BlackRock Entity will be deemed to be an affiliate of an MPS. The Department is not making herein a determination as to whether any BlackRock Entity is an affiliate of an MPS under ERISA.

(b) negotiate on behalf of the Client Plan the terms of the management agreement with the BlackRock Manager (including renewals or modifications thereof) with respect to the Client Plan assets involved in the Covered Transaction;

3. (a) Notwithstanding the foregoing, in the case of an investment fund (as defined in Section VI(b) of the QPAM Exemption) in which two or more unrelated Client Plans have an interest, and which is a Pooled Fund, a Covered Transaction with an MPS will be deemed to satisfy the requirements of Section II.A.2. of this exemption if the assets of a Client Plan on behalf of which the MPS or its affiliate possesses the authority set forth in Section II.A.2.(a) and/or (b) above, and which are managed by the BlackRock Manager in the investment fund, when combined with the assets of other Client Plans established or maintained by the same employer (or an affiliate thereof described in Section VI(c)(1) of the QPAM Exemption) or by the same employee organization, on behalf of which the same MPS and/or its affiliates possess such authority and which are managed by the BlackRock Manager in the same investment fund, represent less than ten percent (10%) of the assets of the investment fund; and

(b) the conditions set forth in Subsections 14. and 15. of Section III.H., Subsections 2(e) and 3. of Section

III.K., Section III.L.2.(b) and Subsections 1. and 2. of Section III.S. of this exemption shall be deemed satisfied if, with respect to the Covered Transaction in question, Section II.A.2. of this exemption is satisfied by reason of Section II.A.3.(a) of this exemption.

4. The terms of the Covered Transaction are negotiated on behalf of the investment fund by, or under the authority and general direction of, the BlackRock Manager and either the BlackRock Manager or (so long as the BlackRock Manager retains full fiduciary responsibility with respect to the Covered Transaction) a property manager acting in accordance with written guidelines established and administered by the BlackRock Manager, makes the decision on behalf of the investment fund to enter into the Covered Transaction, provided that the Covered Transaction is not part of an agreement, arrangement or understanding designed to benefit the MPS;

5. The Covered Transaction is not entered into with an MPS which is a party in interest or disqualified person with respect to any Client Plan whose assets managed by the BlackRock Manager, when combined with the assets of other Client Plans established or maintained by the same employer (or affiliate thereof described in Section VI(c)(1) of the QPAM Exemption) or by the same employee organization, and managed by the BlackRock

Manager, represent more than twenty percent (20%) of the total client assets managed by the BlackRock Manager at the time of the Covered Transaction;

6. At the time the Covered Transaction is entered into, and at the time of any subsequent renewal or modification thereof that requires the consent of the BlackRock Manager, the terms of the Covered Transaction are at least as favorable to the investment fund as the terms generally available in arm's length transactions between unrelated parties; and

7. Neither the BlackRock Manager nor any affiliate thereof (as defined in Section VI(d) of the QPAM Exemption),³² nor any owner, direct or indirect, of a five percent (5%) or more interest in the BlackRock Manager³³ is a person who within the ten (10) years immediately preceding the Covered Transaction has been either convicted or released from imprisonment, whichever is later, as a result of: any felony involving abuse or misuse of such person's employee benefit plan position or employment, or position or employment with a labor organization; any felony arising out of the conduct of the business of a

³² For the avoidance of doubt, all MPSs are excluded from the term "affiliate" for these purposes.

³³ For the avoidance of doubt, all MPSs are excluded from the term "owner" for these purposes.

broker, dealer, investment adviser, bank, insurance company or fiduciary; income tax evasion; any felony involving the larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds or securities; conspiracy or attempt to commit any such crimes or a crime in which any of the foregoing crimes is an element; or any other crime described in ERISA section 411. For purposes of this section, a person shall be deemed to have been "convicted" from the date of the judgment of the trial court, regardless of whether that judgment remains under appeal.

B. *Compensation.* None of the employees of a BlackRock Manager receives any compensation that is based on any Covered Transaction having taken place between Client Plans and any of the MPSs (as opposed to with another institution that is not an MPS). The fact that a specific Covered Transaction occurred with an MPS as opposed to a non-MPS counterparty is ignored by BlackRock and BlackRock Managers for compensation purposes. None of the employees of BlackRock or a BlackRock Manager receive any compensation from BlackRock or a BlackRock Manager which consists of equity Securities issued by an MPS, which fluctuates in value based on changes in the value of equity Securities issued by an MPS, or which is otherwise based on the

financial performance of an MPS independent of BlackRock's performance, provided that this condition shall not fail to be met because the compensation of an employee of a BlackRock Manager fluctuates with the value of a broadly-based index which includes equity Securities issued by an MPS.

C. *Exemption Policies and Procedures.* BlackRock adopts and implements Exemption Policies and Procedures (EPPs) which address each of the types of Covered Transactions and which are designed to achieve the goals of: (1) compliance with the terms of the exemption, (2) ensuring BlackRock's decision-making with respect to the Covered Transactions on behalf of Client Plans with MPSs or BlackRock Entities is done in the interests of the Client Plans and their participants and beneficiaries, and (3) to the extent possible, verifying that the terms of such Covered Transactions are at least as favorable to the Client Plans as the terms generally available in arm's length transactions with unrelated parties. The EPPs are developed with the cooperation of both the Exemption Compliance Officer (ECO) and the Independent Monitor (IM), and such EPPs are subject to the approval of the IM. The EPPs need not address transactions which are not within the definition of the term Covered Transactions.

Transgressions of the EPPs which do not result in Violations require correction only if the amount involved in the transgression and the extent of deviation from the EPPs is material, taking into account the amount of Client Plan assets affected by such transgressions (EPP Corrections). The ECO will make a written determination as to whether such transgressions require EPP Correction, and, if the ECO determines an EPP Correction is required, the ECO will provide written notice to the IM of the EPP Correction. The ECO will provide summaries for the IM of any such EPP Corrections as part of the quarterly report referenced in Section II.D.11.

D. *Exemption Compliance Officer.* BlackRock appoints an Exemption Compliance Officer (ECO) with respect to the Covered Transactions. If the ECO resigns or is removed, BlackRock shall appoint a successor ECO within a reasonable period of time, not to exceed thirty (30) days, which successor shall be subject to the affirmative written approval of the IM. With respect to the ECO, the following conditions shall be met:

1. The ECO is a legal professional with at least ten years of experience and extensive knowledge of the regulation of financial services and products, including under ERISA and FERSA;

2. A committee made up exclusively of members of the BlackRock Board of Directors (the Board) who are independent of BlackRock and the MPSS determines the ECO's compensation package, with input from the general counsel of BlackRock; the ECO's compensation is not set by BlackRock business unit heads, and there is no direct or indirect input regarding the identity or compensation of the ECO from any MPS;

3. The ECO's compensation is not based on performance of any BlackRock Entity or MPS, although a portion of the ECO's compensation may be provided in the form of BlackRock stock or stock equivalents;

4. The ECO can be terminated by BlackRock only with the approval of the IM;

5. The EPPs prohibit any officer, director or employee of BlackRock or any MPS or any person acting under such person's direction from directly or indirectly taking any action to coerce, manipulate, mislead, or fraudulently influence the ECO or any member of the ECO Function in the performance of his or her duties;

6. The ECO is responsible for monitoring Covered Transactions and shall determine whether Violations have

occurred, and the appropriate correction thereof, consistent with the requirements of Section V of this exemption;

7. If the ECO determines a Violation has occurred, the ECO must determine why it occurred and what steps should be taken to avoid such a Violation in the future (e.g., additional training, additional procedures, additional monitoring, or additional and/or changed processes or systems);

8. The ECO is responsible for monitoring and overseeing the implementation of the EPPs and carrying out such other responsibilities stipulated or described in Section III of this exemption. The ECO may delegate such responsibilities to the ECO Function, but the ECO will remain responsible for monitoring and overseeing the ECO Function's implementation of the EPPs. When appropriate, the ECO will recommend changes to the EPPs to BlackRock and the IM. The ECO will consult with the IM regarding the need for, timing, and form of EPP Corrections;

9. The ECO, with the assistance of the ECO Function, carries out the responsibilities required of the ECO described in: (a) the definition of "Index" in this exemption and (b) with respect to loans of Securities to an MPS in Section III.L. of this exemption;

10. The ECO, with the assistance of the ECO Function, monitors Covered Transactions and situations resulting from Covered Transactions with or involving an MPS with respect to which, because of the investment of the MPS in BlackRock, an action or inaction on the part of a BlackRock Manager might be thought to be motivated by an interest which may affect the exercise of such BlackRock Manager's best judgment as a fiduciary. If a situation is identified by the ECO which poses the potential for a conflict, as specified in Section III of this exemption, the ECO shall consult with the IM, or refer decision-making to the discretion of the IM;

11. The ECO provides a quarterly report to the IM summarizing the material activities of the ECO for the preceding quarter and setting forth any Violations discovered during the quarter and actions taken to correct such Violations. With respect to Violations, the ECO report details changes to process put in place to guard against a substantially similar Violation occurring again, and recommendations for additional training, additional procedures, additional monitoring, or additional and/or changed processes or systems or training changes and BlackRock management's actions on such recommendations. In connection with providing the quarterly report for the second quarter and fourth quarter of each year, upon the request of the

IM, the ECO and the IM shall meet in person to review the content of the report. Other members of the ECO Function may attend such meetings at the request of either the ECO or the IM;

12. In each quarterly report, the ECO certifies in writing to his or her knowledge that (a) the quarterly report is accurate; (b) BlackRock's compliance program is working in a manner which is reasonably designed to prevent Violations; (c) any Violations discovered during the quarter and the related corrections taken to date have been identified in the report; and (d) BlackRock has complied with the EPPs in all material respects;

13. No less frequently than annually, the ECO certifies to the IM as to whether BlackRock has provided the ECO with adequate resources, including, but not limited to, adequate staffing of the ECO Function, and, in connection with the quarterly report for the fourth quarter of each year, the ECO shall identify to the IM those BlackRock Managers that relied upon this exemption during the prior year and those that the ECO reasonably anticipates relying on this exemption during the current year; and

14. The ECO or ECO Function provides any further information regarding Covered Transactions that is reasonably requested by the IM.

E. *Independent Monitor.* BlackRock retains an Independent Monitor (IM) with respect to the Covered Transactions. If the IM resigns or is removed, BlackRock shall appoint a successor IM within a reasonable period of time, not to exceed thirty (30) days. The IM:

1. agrees in writing to serve as IM, and he or she is independent within meaning of Section VI.TT.;

2. approves the ECO selected by BlackRock, and as part of the approval process and annually thereafter approves in general terms the reasonableness of the ECO's compensation, taking into account such information as the IM may request of BlackRock and which BlackRock must supply, and approves any termination of the ECO by BlackRock;

3. assists in the development of, and the granting of written approval of, the EPPs and any material alterations of the EPPs by determining that they are reasonably designed to achieve the goals of (a) compliance with the terms of the exemption, (b) ensuring BlackRock's decision-making with respect to Covered Transactions on behalf of Client Plans with MPSs or BlackRock Entities is done in the interests of the Client Plans and their respective participants and beneficiaries and, (c) requiring, to the extent possible, verification that the terms of such Covered Transactions are at least as favorable to

the Client Plans as the terms generally available in comparable arm's length transactions with unrelated parties;

4. consults with the ECO regarding the need for, timing and form of any EPP Corrections. The IM has the responsibilities with respect to corrections of Violations, as set forth in Section V of this exemption. In response to EPP Corrections or Violations, the IM considers whether, and must have the authority, to require further sampling, testing or corrective action if necessary;

5. exercises discretion for Client Plans in situations specified in Section III of this exemption where BlackRock Managers may be thought to have conflicts;

6. performs certain monitoring functions described in Section III, and carries out the responsibilities required of the IM, as set forth in the definition of "Index" in this exemption, and with respect to loans of Securities to an MPS as set forth in Section III.L. of this exemption, and carries out such other responsibilities stipulated in Section III of this exemption;

7. reviews the quarterly reports of the ECO, obtains and reviews representative samples of the data underlying the quarterly reports of the ECO, and, if the IM deems it

appropriate, obtains additional factual information on either an ad hoc basis or on a systematic basis;

8. reviews the certifications of the ECO as to whether (a) the quarterly report is accurate; (b) BlackRock's compliance program is working in a manner which is reasonably designed to prevent Violations; (c) any Violations discovered during the quarter and the related corrections taken to date have been identified in the report; (d) BlackRock has complied with the EPPs in all material respects; and (e) BlackRock has provided the ECO with adequate resources, including, but not limited to, adequate staffing of the ECO Function;

9. determines, on the basis of the information supplied to the IM by BlackRock and the ECO or the ECO Function, whether there has occurred a pattern or practice of insufficient diligence in adhering to the EPPs and/or the conditions of the exemption, and if such a determination is made, reports the same to the Department, and informs BlackRock and the ECO of any such report;

10. determines whether the purchases of equity Securities issued by an MPS on behalf of Client Plans that are Other Accounts or Funds by a BlackRock Manager has had a positive material impact on the market price for such Securities, notwithstanding any volume limitations imposed by

Section III.R. of the exemption and/or imposed by the IM with respect to such equity Securities. The IM makes this determination based upon its review of the relevant monthly reports required by the exemption with respect to such Covered Transactions provided by the ECO and publicly available information materially related to the trading of the Securities of an MPS on its primary listing exchange (or market);

11. issues an annual compliance report, to be timely delivered to (i) the Chairman of the Board, (ii) the Chief Executive Officer of BlackRock and (iii) the General Counsel of BlackRock. The annual compliance report shall be based on a review of the EPPs, the quarterly reports provided by the ECO, any transactions reviewed by the IM as well as any additional information the IM requests from BlackRock, and certifying to each of the following (or describing any exceptions thereto) that:

(a) the EPPs are reasonably designed to achieve the goals of (i) compliance with the terms of the exemption, (ii) ensuring BlackRock's decision-making with respect to Covered Transactions on behalf of Client Plans with MPSSs or BlackRock Entities is done in the interests of the Client Plans and the respective participants and beneficiaries, and (iii) requiring to the extent possible, verification that the

terms of any Covered Transaction are at least as favorable to Client Plans as the terms generally available in comparable arm's length transactions with unrelated parties;

(b) the EPPs and the other terms of the exemption were complied with, with any material exceptions duly noted;

(c) the IM has made the determination referred to in Section II.E.9. and the results of that determination;

(d) BlackRock has provided the ECO with adequate resources, including but not limited to adequate staffing of the ECO Function; and

(e) the compensation package for the ECO for the prior year is reasonable;

12. the annual compliance report of the IM, as described in Section II.E.11., shall contain a summary of Violations and a summary of any corrections of Violations required by the IM and/or the ECO at any time during the prior year. In addition, the IM further certifies that BlackRock correctly implemented the prescribed corrections, based in part on certification from the ECO; and

13. the annual compliance report of the IM shall also be timely delivered by the IM to the chief executive officer, the general counsel and the members of the board of directors of each of the BlackRock Managers identified to the IM by the ECO or ECO Function as having relied upon this exemption during the prior year and those that the ECO reasonably anticipates will be relying on this exemption during the current year. The copies of the compliance report described in this Section II.E.13. shall be accompanied by a cover letter from the IM calling the attention of the recipients to any Violations, material exceptions to compliance with the EPPs, or other shortfalls in compliance with the exemption to assist such officers and directors in carrying out their respective responsibilities.

SECTION III: COVERED TRANSACTIONS

A. *Purchases and Holdings by BlackRock Managers of Fixed Income Obligations Issued by an MPS in an Underwriting on Behalf of Client Plans Invested in an Index Account or Fund, or in a Model-Driven Account or Fund.* Relief under Section I of this exemption is available for a purchase and holding by BlackRock Managers of Fixed Income Obligations issued by an MPS in an underwriting on behalf of Client Plans for an Index Account or Fund, or a Model-Driven Account or Fund, provided that:

1. Such purchase is for the sole purpose of maintaining quantitative conformity with the weight of such Securities prescribed by the relevant Index, for Index Accounts or Funds, or the weight of such Securities prescribed by the relevant Model, for Model-Driven Accounts or Funds; and such purchase is reasonably calculated not to exceed the purchase amount necessary for such Model or quantitative conformity by more than a de minimis amount;
2. Such purchase is not made from any MPS;
3. No BlackRock Entity is in the selling syndicate;
4. After purchase, the responsible BlackRock Manager notifies the ECO if circumstances arise in which an action or inaction on the part of the BlackRock Manager regarding an MPS Fixed Income Obligation so acquired might be thought to be motivated by an interest which may affect the exercise of such BlackRock Manager's best judgment as a fiduciary, and complies with decisions of the ECO regarding the taking, or the refraining from taking, of actions in such circumstances; and
5. After purchase, any decision regarding conversion of an MPS Fixed Income Obligation into equity in the MPS is made by the IM.

B. *Purchase and Holding by BlackRock Managers of Fixed Income Obligations Issued by an MPS in an Underwriting on Behalf of Client Plans Invested in an Other Account or Fund.* Relief under Section I of this exemption is available for a purchase and holding by BlackRock Managers of Fixed Income Obligations issued by an MPS in an underwriting on behalf of Client Plans invested in an Other Account or Fund provided that:

1. The conditions of Section IV.A. of this exemption are satisfied, except that for purposes of Section IV.A.4.(a) and Section IV.A.5.(c), the MPS-issued Fixed Income Obligations at the time of purchase must be rated in one of the three highest rating categories by a Rating Organization and none of the Rating Organizations may rate the Fixed Income Obligations lower than in the third highest rating category;

2. Such purchase is not made from an MPS;

3. No BlackRock Entity is in the selling syndicate;

4. After purchase, the responsible BlackRock Manager notifies the ECO if circumstances arise in which an action or inaction on the part of the BlackRock Manager regarding an MPS Fixed Income Obligation so acquired might be thought to be motivated by an interest which may affect the exercise of such BlackRock Manager's best judgment as a fiduciary, and complies

with decisions of the ECO regarding the taking, or the refraining from taking, of actions in such circumstances; and

5. After purchase, any decision regarding conversion of an MPS Fixed Income Obligation into equity in the MPS is made by the IM.

C. *Certain Transactions in the Secondary Market by BlackRock Managers of Fixed Income Obligations including Fixed Income Obligations Issued by and/or Traded with an MPS, and/or Under Which an MPS has Either an Ongoing Function or Can Potentially Incur Liability.* Relief under Section I of this exemption is available for a purchase or sale in the secondary market or the holding by BlackRock Managers on behalf of Client Plans of (i) Fixed Income Obligations issued by an MPS, (ii) Fixed Income Obligations issued by a third party or an MPS and purchased from or sold to an MPS, and/or (iii) Fixed Income Obligations under which an MPS has either an ongoing function or can potentially incur liability, provided that:

1. If the Fixed Income Obligations are purchased from or sold to an MPS, it is as a result of the Three Quote Process.

2. With respect to Fixed Income Obligations that are issued by an MPS and are purchased and held by a BlackRock Manager for a Client Plan -

(a) After purchase, the responsible BlackRock Manager notifies the ECO if circumstances arise in which an action or inaction on the part of the BlackRock Manager regarding an MPS Fixed Income Obligation so acquired might be thought to be motivated by an interest which may affect the exercise of such BlackRock Manager's best judgment as a fiduciary, and complies with the decisions of the ECO regarding the taking, or the refraining from taking, of actions in such circumstances;

(b) After purchase, any decision regarding conversion of an MPS Fixed Income Obligation into equity in the MPS is made by the IM; and

(c) If purchased for an Index Account or Fund, or a Model-Driven Account or Fund, such purchase is for the sole purpose of maintaining quantitative conformity with the weight of such Securities prescribed by the relevant Index, for Index Accounts or Funds, or the weight of such Securities prescribed by the relevant Model, for Model-Driven Accounts or Funds and such purchase is reasonably calculated not to exceed the

purchase amount necessary for such Model or quantitative conformity by more than a de minimis amount.

3. With respect to Fixed Income Obligations (whether or not issued by an MPS) held by a BlackRock Manager for a Client Plan under which an MPS has an ongoing function, such as servicing of collateral for asset-backed debt, or the potential for liability, such as under representations or warranties made by an MPS with respect to collateral for such asset-backed debt which the MPS originated, the taking of or refraining from taking any action by the responsible BlackRock Manager which could have a material positive or negative effect upon the MPS is decided upon by the ECO.

4. With respect to any Fixed Income Obligation acquired under this Section III.C. which is a guaranteed governmental mortgage pool certificate within the meaning of 29 CFR 2510.3-101(i) which is accompanied by an implicit U.S. Government guarantee as opposed to an explicit U.S. Government guarantee, (a) the BlackRock Manager initiating a purchase of such Securities makes a determination that such Securities are of substantially similar credit quality as guaranteed governmental mortgage pool certificates accompanied by an explicit U.S. Government guarantee, (b) the ECO (in regular consultation with and under the supervision of the IM) monitors

the credit spread between such implicitly and explicitly guaranteed certificates, and (c) each of the ECO and the IM (independently) has the authority and responsibility to determine whether purchases of implicitly guaranteed certificates should not be permitted due to such credit spread, and such authority and responsibility is reflected in the EPPs.

5. For purposes of this Section III.C., Asset-Backed Securities are not Fixed Income Obligations.

D. Purchase in an Underwriting and Holding by BlackRock Managers of Fixed Income Obligations Issued by a Third Party when an MPS is Underwriter, in Either a Manager or a Member Capacity, and/or Under Which an MPS has Either an Ongoing Function or Can Potentially Incur Liability. Relief under Section I of this exemption is available for the purchase and holding by BlackRock Managers of Fixed Income Obligations issued by third parties in an underwriting when an MPS is an underwriter, in either a manager or a member capacity, and/or Fixed Income Obligations under which an MPS has either an ongoing function or can potentially incur liability, provided that:

1. The conditions of Section IV.A. are satisfied.
2. Such purchase is not made from an MPS.

3. No BlackRock Entity is in the selling syndicate.

4. With respect to Fixed Income Obligations under which an MPS has either an ongoing function, such as debt trustee, servicer of collateral for asset-backed debt, or the potential for liability, such as under representations or warranties made by an MPS with respect to collateral for such asset-backed debt which the MPS originated, the taking of or refraining from taking any action by the responsible BlackRock Manager which could have a material positive or negative effect upon the MPS is decided upon by the ECO.

5. With respect to any Fixed Income Obligation acquired under this Section III.D. which is a guaranteed governmental mortgage pool certificate within the meaning of 29 CFR 2510.3-101(i) which is accompanied by an implicit U.S. Government guarantee as opposed to an explicit U.S. Government guarantee, (a) the BlackRock Manager initiating a purchase of such Securities makes a determination that such Securities are of substantially similar credit quality as guaranteed governmental mortgage pool certificates accompanied by an explicit U.S. Government guarantee, (b) the ECO (in regular consultation with and under the supervision of the IM) monitors the credit spread between such implicitly and explicitly guaranteed certificates, and (c) each of the ECO and the IM

(independently) has the authority and responsibility to determine whether purchases of implicitly guaranteed certificates should not be permitted due to such credit spread, and such authority and responsibility is reflected in the EPPs.

6. For purposes of this Section III.D., Asset-Backed Securities are not Fixed Income Obligations.

E. *Purchase in an Underwriting and Holding by BlackRock Managers of Asset-Backed Securities, when an MPS is an Underwriter, in the Capacity as Either a Manager or a Member of the Selling Syndicate, Trustee, or, in the Case of Asset-Backed Securities Which Are CMBS, Servicer.* Relief under Section I of this exemption is available for the purchase and holding by BlackRock Managers of Asset-Backed Securities issued in an underwriting where an MPS is (i) an underwriter, in the capacity as either a manager or a member of the selling syndicate, (ii) trustee, or (iii) solely in the case of Asset-Backed Securities which are CMBS, serves as servicer of a trust that issued such CMBS, provided that:

1. The conditions of Section IV.A. are satisfied, except that (a) for purposes of Section IV.A.4.(a), the Asset-Backed Securities at the time of purchase must be rated in one of the three highest rating categories by a Rating Organization and none of the Rating Organizations may rate the Asset-Backed

Securities lower than the third highest rating category, (b) in the case of Asset-Backed Securities which are CMBS and for which the MPS is servicer, the conditions of Section IV.B. are satisfied instead of the conditions of Section IV.A., and (c) if an MPS is an underwriter and an MPS is a servicer as described in clause (b), the conditions of both Section IV.A., as modified by Section III.E.1.(a), and Section IV.B. must be satisfied;

2. Such purchase is not made from an MPS;

3. No BlackRock Entity is in the selling syndicate;

4. In the case of Asset-Backed Securities with respect to which an MPS has either an ongoing function, such as trustee, servicer of collateral for CMBS, or the potential for liability, such as under representations or warranties made by an MPS with respect to collateral for CMBS which collateral the MPS originated, the taking of or refraining from taking of any action by a responsible BlackRock Manager which could have a material positive or negative effect upon the MPS is decided upon by the ECO; and

5. The purchase meets the conditions of an applicable Underwriter Exemption.

F. Purchase and Holding by BlackRock Managers of Equity Securities Issued by an Entity which is not an MPS and is Not a

BlackRock Entity, in an Underwriting when an MPS is an Underwriter, in either a Manager or a Member Capacity. Relief under Section I of this exemption is available for the purchase and holding by BlackRock Managers of equity Securities issued by an entity which is not an MPS and which is not a BlackRock Entity in an underwriting when an MPS is an underwriter, in either a manager or a member capacity, provided that:

1. The conditions of Section IV.A. are satisfied;
2. Such purchase is not made from an MPS;
3. No BlackRock Entity is in the selling syndicate;

and

4. The Securities are not Asset-Backed Securities.

G. *Purchase and Sale by BlackRock Managers of Asset-Backed Securities in the Secondary Market, from or to an MPS, and/or when an MPS is Sponsor, Servicer, Originator, Swap Counterparty, Liquidity Provider, Trustee or Insurer, and the Holding Thereof.* Relief under Section I of this exemption is available for a sale of Asset-Backed Securities by a BlackRock Manager to an MPS, or the purchase of Asset-Backed Securities by BlackRock Managers from an MPS and the holding thereof, and/or any such purchase or sale in the secondary market or holding when an MPS is a sponsor, a servicer, an originator, a swap

counterparty, a liquidity provider, a trustee or an insurer, provided that:

1. If the Asset-Backed Securities are purchased from or sold to an MPS, the purchase or sale is as a result of the Three Quote Process.

2. Regardless of from whom the BlackRock Manager purchases the Asset-Backed Securities, the purchase and holding of the Asset-Backed Security otherwise meets the conditions of an applicable Underwriter Exemption.

3. Regardless of from whom the BlackRock Manager purchased the Asset-Backed Securities, if an MPS is, with respect to such Asset-Backed Securities, a sponsor, servicer, originator, swap counterparty, liquidity provider, insurer or trustee, as those terms are utilized or defined in the Underwriter Exemptions, and circumstances arise in which the taking of or refraining from taking of any action by the responsible BlackRock Manager could have a material positive or negative effect upon the MPS, the taking of or refraining from taking of any such action is decided upon by the ECO.

H. *Repurchase Agreements when an MPS is the Seller.*
Section I of this exemption applies to an investment by a BlackRock Manager of Client Plan assets which involves the

purchase or other acquisition, holding, sale, exchange or redemption by or on behalf of a Client Plan of a repurchase agreement (or Securities or other instruments under cover of a repurchase agreement) in which the seller of the underlying Securities or other instruments is an MPS which is a bank supervised by the United States or a State, a broker-dealer registered under the 1934 Act, or a dealer who makes primary markets in Securities of the United States government or any agency thereof, or in banker's acceptances, and reports daily to the Federal Reserve Bank of New York its positions with respect to these obligations, provided that each of the following conditions are satisfied:

1. The repurchase agreement is embodied in, or is entered into pursuant to a written agreement, and such written agreement is a standardized industry form;

2. The repurchase agreement has a term of one year or less;

3. The Client Plan receives interest no less than that which it would receive in a comparable arm's length transaction with an unrelated party;

4. The Client Plan receives Securities, banker's acceptances, commercial paper or certificates of deposit having

a market value equal to not less than one hundred percent (100%) of the purchase price paid by the Client Plan;

5. Upon expiration of the repurchase agreement and return of the Securities or other instruments to the seller, the seller transfers to the Client Plan an amount equal to the purchase price plus the appropriate interest;

6. The Securities, banker's acceptances, commercial paper or certificates of deposit received by the Client Plan:

(a) could be acquired directly by the Client Plan in a transaction not covered by this Section III.H. without violating ERISA sections 406(a)(1)(E), 406(a)(2) or 407(a); and,

(b) if the Securities are subject to the provisions of the 1933 Act, they are obligations that are not "restricted securities" within the meaning of Rule 144 under the 1933 Act.

7. If the market value of the underlying Securities or other instruments falls below the purchase price at any time during the term of the agreement, the Client Plan may, under the written agreement required by Section III.H.1., require the MPS seller to deliver, by the close of business on the following business day (as such term is defined for purposes of the relevant written agreement), additional Securities or other

instruments the market value of which, together with the market value of Securities or other instruments previously delivered or sold to the Client Plan under the repurchase agreement, equals at least one hundred percent (100%) of the purchase price paid by the Client Plan.

8. If the MPS seller does not deliver additional Securities or other instruments as required above, the Client Plan may terminate the agreement, and, if upon termination or expiration of the agreement, the amount owing is not paid to the Client Plan, the Client Plan may sell the Securities or other instruments and apply the proceeds against the obligations of the MPS seller under the agreement, and against any expenses associated with the sale.

9. The MPS seller agrees to furnish the Client Plan with the most recent available audited statement of its financial condition as well as its most recent available unaudited statement, agrees to furnish additional audited and unaudited statements of its financial condition as they are issued and either: (a) agrees that each repurchase agreement transaction pursuant to the agreement shall constitute a representation by the MPS seller that there has been no material adverse change in its financial condition since the date of the last statement furnished that has not been disclosed to the

Client Plan with whom such written agreement is made; or (b) prior to each repurchase agreement transaction, the MPS seller represents that, as of the time the transaction is negotiated, there has been no material adverse change in its financial condition since the date of the last statement furnished that has not been disclosed to the Client Plan with whom such written agreement is made.

10. In the event of termination and sale as described in Section III.H.9., the MPS seller pays to the Client Plan the amount of any remaining obligations and expenses not covered by the sale of the Securities or other instruments, plus interest at a reasonable rate.

11. If an MPS seller involved in a repurchase agreement covered by this exemption fails to comply with any condition of this exemption in the course of engaging in the repurchase agreement, the BlackRock Manager who caused the plan to engage in such repurchase agreement shall not be deemed to have caused the plan to engage in a transaction prohibited by ERISA sections 406(a)(1)(A) through (D) or ERISA section 406(b), Code section 4975, or FERSA section 8477(c) solely by reason of the MPS seller's failure to comply with the conditions of the exemption.

12. In the event of any dispute between a BlackRock Manager and an MPS seller involving a Covered Transaction under this Section III.H., the IM has the responsibility to decide whether, and if so how, BlackRock is to pursue relief on behalf of the Client Plan(s) against the MPS seller.

13. At time of entry into or renewal of each Covered Transaction under this Section III.H., including both term repurchase transactions and daily renewals for "open" or "overnight" transactions, either (a) each Covered Transaction under this Section III.H., is as a result of the Three Quote Process, or, (b) the BlackRock Manager determines that the yield on the proposed transaction, or the renewal thereof, is at least as favorable to the Client Plans as the yield of the Client Plan on two (2) other available transactions which are comparable in terms of size, collateral type, credit quality of the counterparty, term and rate. The methodology employed for purposes of the comparison in (b) above must (c) be approved in advance by the ECO Function and (d), to the extent possible, refer to objective external data points, such as the Eurodollar overnight time deposit bid rate, the rate for repurchase agreements with U.S. government Securities, or rates for commercial paper issuances or agency discount note issuances sourced from Bloomberg, or another third party pricing service

or market data provider (which providers may use different terminology to refer to these same external data points). The applicable BlackRock Manager must record a description of the comparable transactions, if reliance is placed upon same, and such data must be periodically reviewed by the ECO Function. The procedures described in this Section III.H.13. must be designed to ensure that BlackRock Managers determine to only enter into Covered Transactions with MPS sellers which are in the interests of Plan Clients, and such procedures must be reviewed and may be commented on by the IM.

14. Neither the MPS Seller nor a member of the same MPS Group as the MPS Seller has discretionary authority or control with respect to the investment of Client Plan assets involved in a Covered Transaction under this Section III.H; provided that, this condition will be deemed met if a Client Plan meets the condition of Section II.A.2. by reason of Section II.A.3. of this exemption.

15. The Client Plan is not an MPS Plan of the MPS with whom the purchase or sale takes place, or an MPS Plan of another MPS member of the same MPS Group as such MPS; provided that, this condition will be deemed met if a Client Plan meets the condition of Section II.A.2. by reason of Section II.A.3. of this exemption.

I. *Responding to Tender Offers and Exchange Offers Solicited by an MPS.* Relief under Section I of this exemption is available for participation by BlackRock Managers on behalf of Client Plans in tender offers or exchange offers or similar transactions where an MPS acts as agent for the entity (which entity may not be an MPS) making the offer, provided that:

1. The Client Plan pays no fees to the MPS in connection with this Covered Transaction;

2. The BlackRock Manager submits to the ECO in advance of participation a written explanation of the reasons for such participation; and

3. The ECO Function determines that the reasons for participation by the BlackRock Manager in the Covered Transaction are appropriate from the vantage point of the Client Plans, with such determination affirmatively made in writing prior to the BlackRock Manager participating in the Covered Transactions under this Section III.I.

J. *Purchase in Underwritings of Securities Issued by an Entity which is not an MPS when the Proceeds are Used to Repay a Debt to an MPS.* Relief under Section I of this exemption is available for the purchase by BlackRock Managers of Securities in underwritings issued by an entity which is not an MPS, but

where the proceeds of the offering are used to repay a debt owed to an MPS, and the payment of such proceeds to the MPS, provided that the BlackRock Manager does not know that the proceeds will be applied to the repayment of debt owed to an MPS. If the BlackRock Manager does know that proceeds of the offering will be applied to the repayment of debt owed to an MPS, the purchase of the Securities and the payment of the proceeds to the MPS are exempt under Section I of this exemption provided that no more than twenty percent (20%) of the offering is purchased by BlackRock Managers for Client Plans, and no more than fifty percent (50%) of the offering in the aggregate is purchased by BlackRock, BlackRock Managers and other BlackRock Entities for Client Plans, other clients of BlackRock Managers, or as proprietary investments.

K. *Bank Deposits and Commercial Paper.* Relief under Section I of this exemption is available for an investment by a BlackRock Manager of Client Plan assets which involves the purchase or other acquisition, holding, sale, exchange or redemption by or on behalf of a Client Plan of certificates of deposit, time deposits or other bank deposits at an MPS and/or placed by an MPS and/or sold to or purchased from an MPS, or in commercial paper issued by an MPS or with respect to which an MPS acts in some continuing capacity such as placement agent or

administrator and/or which is sold to or purchased from an MPS, provided that:

1. With respect to bank deposits, either:

(a) (i) the bank is supervised by the United States or a State, and at the outset of the Covered Transaction or renewal thereof of, such bank has a credit rating in one of the top two (2) categories by at least one of the Rating Organizations; and (ii) such deposit bears a reasonable interest rate, or -

(b) the BlackRock Manager and the MPS comply with ERISA section 408(b)(4).

2. With respect to commercial paper:

(a) the Client Plan is not an MPS Plan of the MPS issuing the commercial paper, provided that, this condition will be deemed to be met if such a Client Plan meets the conditions of Section II.A.2. and II.A.3. of this exemption;

(b) the commercial paper has a stated maturity date of nine (9) months or less from the date of issue, exclusive of days of grace, or is a renewal of an issue of commercial paper the maturity of which is likewise limited;

(c) at the time it is acquired, the commercial paper is ranked in one of the two (2) highest rating categories by at least one of the Rating Organizations;

(d) if the seller or purchaser of the commercial paper is an MPS, purchases and sales are made pursuant to the Three Quote Process, provided that for purposes of this Section III.K.2., firm quotes on comparable short-term money market instruments rated in the same category may be used for purposes of the Three Quote Process; and

(e) (i) the Client Plan is not an MPS Plan of the MPS with whom the purchase or sale takes place, or an MPS Plan of another MPS member of the same MPS Group as such MPS; and
(ii) the Client Plan is not an MPS Plan of an MPS which is acting in a continuing capacity, or an MPS Plan of another member of the same MPS Group as such MPS, provided that, the conditions set forth in clauses (i) and (ii) of this Section III.K.2.(e). will be deemed met if a Client Plan meets the condition of Section II.A.2. by reason of Section II.A.3. of this exemption.

3. Neither the MPS involved in the Covered Transaction nor any member of the same MPS Group as the MPS involved in the Covered Transaction has discretionary authority or control with respect to the investment of Client Plan assets

involved in the Covered Transaction under this Section III.K.; provided that, this condition will be deemed met if a Client Plan meets the condition of Section II.A.2. by reason of Section II.A.3. of this exemption.

4. For purposes of the Covered Transactions set forth in this Section III.K. no BlackRock Entity shall be regarded as an affiliate of an MPS bank at which a deposit is made of Client Plan assets, nor of an MPS issuer of commercial paper in which a BlackRock Manager invests Client Plan assets.

L. *Securities Lending to an MPS.*

1. Relief under Section I of this exemption is available for:

(a) the lending of Securities by a BlackRock Manager that are assets of an Index Account or Fund or a Model-Driven Account or Fund to an MPS which is a U.S. Broker-Dealer or a U.S. Bank provided that the conditions set forth in Section III.L.2. are met;

(b) the lending of Securities by a BlackRock Manager that are assets of an Index Account or Fund or a Model-Driven Account or Fund to an MPS which is a Foreign Broker-Dealer or Foreign Bank; provided that, the conditions set forth in Section III.L.2. and Section III.L.3. below are met; and

(c) the payment to a BlackRock Manager of compensation for services rendered in connection with loans of assets of an Index Account or Fund or a Model-Driven Account or Fund that are Securities to an MPS; provided that, the conditions set forth in Section III.L.4. below are met.

2. General Conditions for Covered Transactions
Described in Sections III.L.1.(a) and (b).

(a) The length of a Securities loan to an MPS does not exceed one year in term.

(b) Neither the MPS borrower nor any MPS which is a member of the same MPS Group as the MPS borrower has or exercises discretionary authority or control with respect to the investment of the Client Plan assets involved in the transaction. This Section III.L.2.(b) shall be deemed satisfied notwithstanding the investment of the assets of an MPS Plan of the MPS which is the borrower under such Securities lending transaction in a Pooled Fund as of the date of the Acquisition, which Pooled Fund is a bank-maintained common or collective trust, provided that such assets when aggregated with the assets of all other MPS Plans of the same MPS Group as that of the MPS borrower and invested in such Pooled Fund, at all times since the date of the Acquisition, constitute less than ten percent (10%) of the assets of such Pooled Fund; provided that, this

Subsection III.L.2.(b) will be deemed met if a Client Plan meets the condition of Section II.A.2. by reason of Section II.A.3. of this exemption.³⁴

(c) The Client Plan receives from the MPS borrower by the close of the BlackRock Manager's business on the day in which the Securities lent are delivered to the MPS,

(i) U.S. Collateral having, as of the close of business on the preceding business day, a market value, or, in the case of bank letters of credit, a stated amount, equal to not less than one hundred percent (100%) of the then market value of the Securities lent; or

(ii) Foreign Collateral having as of the close of business on the preceding business day, a market value, or, in the case of bank letters of credit, a stated amount, equal to not less than:

(x) one hundred two percent (102%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System on which the Securities are primarily traded if the collateral

³⁴ For this purpose, MPS plans of Barclays MPSs and PNC MPSs are separately aggregated.

posted is denominated in the same currency as the Securities lent, or

(y) one hundred five percent (105%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System on which the Securities are primarily traded if the collateral posted is denominated in a different currency than the Securities lent.

(d) Notwithstanding the foregoing, if the BlackRock Manager is a U.S. Bank, a Registered Investment Advisor, or a U.S. Broker-Dealer, and such BlackRock Manager indemnifies the Client Plan with respect to the difference, if any, between the replacement cost of the borrowed Securities and the market value of the collateral on the date of a borrower default, the Client Plan receives from the MPS borrower by the close of the BlackRock Manager's business on the day in which the Securities lent are delivered to the borrower, Foreign Collateral having as of the close of business on the preceding business day, a market value, or, in the case of bank letters of credit, a stated amount, equal to not less than:

(i) one hundred percent (100%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System on which the

Securities are primarily traded if the collateral posted is denominated in the same currency as the Securities lent; or

(ii) one hundred one percent (101%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System on which the Securities are primarily traded if the collateral posted is denominated in a different currency than the Securities lent and such currency is denominated in Euros, British pounds, Japanese yen, Swiss francs or Canadian dollars; or

(iii) one hundred five percent (105%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System if the collateral posted is denominated in a different currency than the Securities lent and such currency is other than those specified above.

(e) (i) If the MPS borrower is a U.S. Bank or U.S. Broker-Dealer, the Client Plan receives such U.S. Collateral or Foreign Collateral from the MPS borrower by the close of the BlackRock Manager's business on the day in which the Securities are delivered to the MPS borrower. Such collateral is received by the Client Plan either by physical

delivery, wire transfer or by book entry in a Securities depository located in the United States, or,

(ii) If the MPS borrower is a Foreign Bank or Foreign Broker-Dealer, the Client Plan receives U.S. Collateral or Foreign Collateral from the MPS borrower by the close of the BlackRock Manager's business on the day in which the Securities are delivered to the borrower. Such collateral is received by the Client Plan either by physical delivery, wire transfer or by book entry in a Securities depository located in the United States or held on behalf of the Client Plan at an Eligible Securities Depository. The indicia of ownership of such collateral shall be maintained in accordance with ERISA section 404(b) and 29 CFR § 2550.404b-1.

(f) Prior to making of any such loan, the MPS borrower shall have furnished the BlackRock Manager with:

(i) the most recent available audited statement of the MPS borrower's financial condition, as audited by a United States certified public accounting firm or in the case of an MPS borrower that is a Foreign Broker-Dealer or Foreign Bank, a firm which is eligible or authorized to issue audited financial statements in conformity with accounting principles generally accepted in the primary jurisdiction that governs the borrowing MPS Foreign Broker-Dealer or Foreign Bank;

(ii) the most recent available unaudited statement of its financial condition (if the unaudited statement is more recent than such audited financial statement); and

(iii) a representation that, at the time the loan is negotiated, there has been no material adverse change in its financial condition since the date of the most recent financial statement furnished to the BlackRock Manager that has not been disclosed to the BlackRock Manager. Such representations may be made by the MPS borrower's agreement that each loan shall constitute a representation by the MPS borrower that there has been no such material adverse change.

(g) The loan is made pursuant to a written loan agreement, the terms of which are at least as favorable to the Client Plan as an arm's-length transaction with an unrelated party would be. Such loan agreement states that the Client Plan has a continuing security interest in, title to, or the rights of secured creditor with respect to the collateral. Such agreement may be in the form of a master agreement covering a series of Securities lending transactions.

(h) The written loan agreement must be a standardized industry form; provided, that, with the approval of the ECO on or about the date of the Acquisition, written loan agreements with an MPS borrower that were in effect as of the

date of the Acquisition may continue to be used until there is a material modification of the same, at which time standardized industry forms must be adopted.

(i) In return for lending Securities, the Client Plan:

(i) receives a reasonable fee (in connection with the Securities lending transaction), and/or

(ii) has the opportunity to derive compensation through the investment of the currency collateral. Where the Client Plan has that opportunity, the Client Plan may pay a loan rebate or similar fee to the MPS borrower, if such fee is not greater than the Client Plan would pay in a comparable transaction with an unrelated party.

(j) All fees and other consideration received by the Client Plan in connection with the loan of Securities are reasonable. The identity of the currency in which the payment of fees and rebates will be made is set forth in either the written loan agreement or the loan confirmation as agreed to by the MPS borrower and the BlackRock Manager prior to the making of the loan.

(i) Pricing of a loan to an MPS borrower is based on (i) rates for comparable loans of the same Security to non-MPS borrowers and (ii) third-party market data:

(x) For loans of liquid Securities (sometimes referred to as general collateral loans), an automatic system may be used to price loans so long as the resulting rate the Client Plan receives from the MPS borrower is at least as favorable to the Client Plan as the rate the BlackRock Managers are receiving for Client Plans or other clients from non-MPS borrowers of the same Security;

(y) For purposes of pricing loans of less liquid Securities (sometimes referred to as "special loans"), and for purposes of determining whether to terminate or continue a loan which does not have a set term, pricing may also be based on a BlackRock trader determination that continuing the loan is in the interest of the Client Plan based on all relevant factors, including price (provided that price is within the range of prices of other loans of the same Security to comparable non-MPS borrowers by BlackRock Managers for Client Plans or other clients) and potential adverse consequences to the Client Plan of terminating the loan, provided that the pricing data used in making these decisions is retained and made available for possible review by the ECO.

(ii) Automatic pricing mechanisms and pricing decisions by traders are subject to ongoing periodic review by the ECO Function, and the results of such review are included in reports by the ECO to the IM. Specifically, the quarterly reports by the ECO to the IM must address the lending patterns of illiquid Securities to the MPS borrowers from all Client Plans, including the percentage that loans of such Securities to the MPSs represent of all loans of such Securities from all Client Plans.

(k) The Client Plan receives the equivalent of all distributions made to holders of the borrowed Securities during the term of the loan including, but not limited to, dividends, interest payments, shares of stock as a result of stock splits and rights to purchase additional Securities;

(l) If the market value of the collateral at the close of trading on a business day is less than the applicable percentage of the market value of the borrowed Securities at the close of trading on that day (as described in this Section III.L.2.(c) of this exemption), then the MPS borrower shall deliver, by the close of business on the following business day, an additional amount of U.S. Collateral or Foreign Collateral the market value of which, together with the market value of all previously delivered collateral, equals at least the applicable

percentage of the market value of all the borrowed Securities as of such preceding day.

Notwithstanding the foregoing, part of the U.S. Collateral or Foreign Collateral may be returned to the MPS borrower if the market value of the collateral exceeds the applicable percentage (described in this Section III.L.2.(c) of this exemption) of the market value of the borrowed Securities, as long as the market value of the remaining U.S. Collateral or Foreign Collateral equals at least the applicable percentage of the market value of the borrowed Securities.

(m) The loan may be terminated by the Client Plan at any time, whereupon the MPS borrower shall deliver certificates for Securities identical to the borrowed Securities (or the equivalent thereof in the event of reorganization, recapitalization or merger of the issuer of the borrowed Securities) to the Client Plan within the lesser of:

(i) the customary delivery period for such Securities,

(ii) five business days, or

(iii) the time negotiated for such delivery by the BlackRock Manager for the Client Plan, and the borrower.

(n) In the event that the loan is terminated, and the MPS borrower fails to return the borrowed Securities or the equivalent thereof within the applicable time described in Section III.M.2.(m), the BlackRock Manager for the Client Plan may, under the terms of the loan agreement:

(i) purchase Securities identical to the borrowed Securities (or their equivalent as described above) and may apply the collateral to the payment of the purchase price, any other obligations of the borrower under the agreement, and any expenses associated with the sale and/or purchase, and

(ii) the MPS borrower is obligated, under the terms of the loan agreement, to pay, and does pay to the Client Plan the amount of any remaining obligations and expenses not covered by the collateral, including reasonable attorney's fees incurred by the Client Plan for legal action arising out of default on the loans, plus interest at a reasonable rate.

Notwithstanding the foregoing, the MPS borrower may, in the event the MPS borrower fails to return borrowed Securities as described above, replace collateral, other than U.S. currency, with an amount of U.S. currency that is not less than the then current market value of the collateral, provided such replacement is approved by the BlackRock Manager.

(o) If the MPS borrower fails to comply with any provision of a loan agreement which requires compliance with this exemption, the BlackRock Manager who caused the Client Plan to engage in such transaction shall not be deemed to have caused the Client Plan to engage in a transaction prohibited by ERISA sections 406(a)(1)(A) through (D) or ERISA section 406(b) or FERSA section 8477(c) solely by reason of the borrower's failure to comply with the conditions of the exemption.

(p) If the Securities being loaned to an MPS borrower are managed in an Index Account or Fund, or a Model-Driven Account or Fund where the Index or the Model are created or maintained by the MPS borrower, the ECO Function periodically performs a review, no less frequently than quarterly, of the use of such MPS-sponsored Index or Model, and the Securities loaned from such an account or fund to the MPS, which review is designed to enable a reasonable judgment as to whether the use of such Index or Model, or any changes thereto, were for the purpose of benefitting BlackRock or the MPS through the Securities lending activity described in this Section III.L. If the ECO forms a reasonable judgment that the use of such Index or Model, or any changes thereto, were for the purpose of benefitting BlackRock or the MPS, the ECO shall promptly inform the IM.

(q) In the event of any dispute between the BlackRock Manager on behalf of a Client Plan and an MPS borrower involving a Covered Transaction under this Section III.L., the IM shall decide whether, and if so, how the BlackRock Manager is to pursue relief on behalf of the Client Plan(s) against the MPS borrower.

(r) Sophistication of Authorizing Fiduciary. Only Client Plans with total assets having an aggregate market value of at least \$50 million are permitted to lend Securities to an MPS except as provided in clauses (1) - (3) below.

(1) Master Trusts. In the case of two or more Client Plans which are maintained by the same employer, controlled group of corporations or employee organization, whose assets are commingled for investment purposes in a single master trust or any other entity the assets of which are "plan assets" under 29 CFR 2510.3-101, which entity is engaged in Securities lending arrangements with a BlackRock Manager, the foregoing \$50 million requirement shall be deemed satisfied if such trust or other entity has aggregate assets which are in excess of \$50 million; provided that if the fiduciary responsible for making the investment decision on behalf of such master trust or other entity is not the employer or an affiliate of the employer, such fiduciary has total assets under its management and control,

exclusive of the \$50 million threshold amount attributable to plan investment in the commingled entity, which are in excess of \$100 million.

(2) Single Authorizing Fiduciary for Multiple Unaffiliated Client Plans. In the case of two or more Client Plans which are not maintained by the same employer, controlled group of corporations or employee organization, whose assets are commingled for investment purposes in a group trust or any other form of entity the assets of which are "plan assets" under 29 CFR 2510.3-101, which entity is engaged in Securities lending arrangements with such BlackRock Manager as securities lending agent, the foregoing \$50 million requirement is satisfied if such trust or other entity has aggregate assets which are in excess of \$50 million (excluding the assets of any Client Plan with respect to which the fiduciary responsible for making the investment decision on behalf of such group trust or other entity or any member of the controlled group of corporations including such fiduciary is the employer maintaining such Plan or an employee organization whose members are covered by such Plan). However, the fiduciary responsible for making the investment decision on behalf of such group trust or other entity:

(A) has full investment responsibility with respect to plan assets invested therein; and

(B) has total assets under its management and control, exclusive of the \$50 million threshold amount attributable to plan investment in the commingled entity, which are in excess of \$100 million; and

(3) Pooled Funds. In the case of two or more Client Plans invested in a Pooled Fund, whether or not through an entity described in paragraphs (r)(1) or (r)(2), the \$50 million requirement shall be deemed satisfied if 50 percent or more of the units of beneficial interest in such Pooled Fund are held by investors each having total net assets of at least \$50 million. Such investors may include Client Plans, entities described in paragraphs (r)(1) or (r)(2), or other investors that are not employee benefit plans covered by section 406 of ERISA, section 4975 of the Code, or section 8477 of FERSA.

In addition, none of the entities described in this Section III.L.2.(r) are formed for the sole purpose of making loans of Securities.

(s) With respect to any calendar quarter, at least 50 percent or more of the outstanding dollar value of

Securities loans negotiated on behalf of Client Plans will be to borrowers unrelated to MPSs.

3. Specific Conditions for Transactions Described in Section III.L.1.(b).

(a) The BlackRock Manager maintains the written documentation for the loan agreement at a site within the jurisdiction of the courts of the United States.

(b) Prior to entering into a transaction involving an MPS Foreign Broker-Dealer that is described in Section VI.PP.(1) or (2) or an MPS Foreign Bank that is described in Section VI.OO.(1) either:

(i) the MPS Foreign Broker-Dealer or Foreign Bank agrees to submit to the jurisdiction of the United States; agrees to appoint an agent for service of process in the United States, which may be an affiliate (a Process Agent); consents to service of process on the Process Agent; and agrees that any enforcement by a Client Plan of its rights under the Securities lending agreement will, as the option of the Client Plan, occur exclusively in the United States courts; or

(ii) the BlackRock Manager, if a U.S. Bank, a Registered Investment Advisor, or U.S. Broker-Dealer, agrees to indemnify the Client Plan with respect to the difference, if

any, between the replacement cost of the borrowed Securities and the market value of the collateral on the date of an MPS borrower default plus interest and any transaction costs incurred (including attorney's fees of such Client Plan arising out of the default on the loans or the failure to indemnify properly under this provision) which the Client Plan may incur or suffer directly arising out of a borrower default by the MPS Foreign Broker-Dealer or Foreign Bank.

(c) In the case of a Securities lending transaction involving an MPS Foreign Broker-Dealer that is described in Section VI.PP.(3) or an MPS Foreign Bank that is described in Section VI.OO.(2), the BlackRock Manager must be a U.S. Bank, a Registered Investment Advisor, or U.S. Broker-Dealer, and prior to entering into the loan transaction, such BlackRock Manager must agree to indemnify the Client Plan with respect to the difference, if any, between the replacement cost of the borrowed Securities and the market value of the collateral on the date of an MPS borrower default plus interest and any transaction costs incurred (including attorney's fees of such plan arising out of the default on the loans or the failure to indemnify properly under this provision) which the Client Plan may incur or suffer directly arising out of a borrower default by the MPS Foreign Broker-Dealer or Foreign Bank.

4. Specific Conditions for Covered Transactions

Described in Section III.L.1.(c):

(a) The loan of Securities is not prohibited by section 406(a) of ERISA or otherwise satisfies the conditions of this exemption.

(b) The BlackRock Manager is authorized to engage in Securities lending transactions on behalf of the Client Plan.

(c) The compensation, the terms of which are at least as favorable to the Client Plan as an arm's length transaction with an unrelated party, is reasonable and is paid in accordance with the terms of a written instrument, which may be in the form of a master agreement covering a series of Securities lending transactions.

(d) Except as otherwise provided in Section III.L.4.(f), the arrangement under which the compensation is paid:

(i) is subject to the prior written authorization of a fiduciary of a Client Plan (the authorizing fiduciary), who is (other than in the case of an In-House Plan) independent of the BlackRock Manager, provided that for purposes of this Section III.M.4.(d) a fiduciary of an MPS Plan acting as

the authorizing fiduciary shall be deemed independent of the BlackRock Manager so long as such fiduciary, as of the date of the authorization, is not a BlackRock Entity, and

(ii) may be terminated by the authorizing fiduciary within:

(x) the time negotiated for such notice of termination by the Client Plan and the BlackRock Manager, or

(y) five business days, whichever is less, in either case without penalty to the Client Plan.

(e) No such authorization is made or renewed unless the BlackRock Manager shall have furnished the authorizing fiduciary with any reasonably available information which the BlackRock Manager reasonably believes to be necessary to determine whether such authorization should be made or renewed, and any other reasonably available information regarding the matter that the authorizing fiduciary may reasonably request.

(f) Special Rule for Commingled Investment Funds. In the case of a pooled separate account maintained by an insurance company qualified to do business in a State or a common or collective trust fund maintained by a bank or trust

company supervised by a State or Federal agency, the requirements of Section III.L.4.(d) of this exemption shall not apply, provided that:

(i) the information described in Section III.L.4.(e) (including information with respect to any material change in the arrangement) shall be furnished by the BlackRock Manager to the authorizing fiduciary described in Section III.L.4.(d) with respect to each Client Plan whose assets are invested in the account or fund, not less than 30 days prior to implementation of the arrangement or material change thereto, and, where requested, upon the reasonable request of the authorizing fiduciary;

(ii) in the event any such authorizing fiduciary submits a notice in writing to the BlackRock Manager objecting to the implementation of, material change in, or continuation of the arrangement, the Client Plan on whose behalf the objection was tendered is given the opportunity to terminate its investment in the account or fund, without penalty to the Client Plan, within such time as may be necessary to effect such withdrawal in an orderly manner that is equitable to all withdrawing plans and to the non-withdrawing plans. In the case of a Client Plan that elects to withdraw pursuant to the foregoing, such withdrawal shall be effected prior to the

implementation of, or material change in, the arrangement; but an existing arrangement need not be discontinued by reason of a Client Plan electing to withdraw; and

(iii) in the case of a Client Plan whose assets are proposed to be invested in the account or fund subsequent to the implementation of the compensation arrangement and which has not authorized the arrangement in the manner described in Sections III.L.4.(f)(i) and (ii), the Client Plan's investment in the account or fund shall be authorized in the manner described in Section III.L.4.(d)(i).

M. *To-Be-Announced Trades (TBAs) of GNMA, FHLMC, FarmerMac or FNMA Mortgage-Backed Securities with an MPS Counterparty.* Relief under Section I of this exemption is available for trades (purchases and sales) on a principal basis of mortgage-backed Securities issued by FHLMC, FNMA, FarmerMac or guaranteed by GNMA and meeting the definition of "guaranteed governmental mortgage pool certificate" in 29 CFR 2510.3-101(i) with an MPS on a TBA basis, including, when applicable, delivery of the underlying Securities to a Client Plan, provided that:

1. the Covered Transactions under this Section III.M. are a result of the Three Quote Process; provided that, solely for purposes of this Section III.M.1., firm quotes under the Three Quote Process may be obtained on "comparable

Securities," as described below, when firm quotes with respect to the applicable TBA transactions are not reasonably obtainable;

2. with regard to purchases of FHLMC, FarmerMac and FNMA mortgage-backed Securities on a TBA basis, (i) the BlackRock Manager makes a determination that such Securities are of substantially similar credit quality as GNMA guaranteed governmental mortgage pool certificates, (ii) the ECO (in regular consultation with and under the supervision of the IM) monitors the credit spread between GNMA and FHLMC/FNMA/FarmerMac mortgage-backed Securities, and (iii) each of the ECO and the IM (independently) has the authority and responsibility to determine whether purchases of FHLMC, FarmerMac and/or FNMA mortgage-backed Securities on a TBA basis should not be permitted due to such credit spread, and such authority and responsibility is reflected in the EPPs; and

3. with regard to possible delivery of underlying Securities to Client Plans, as opposed to cash settlement, the ECO Function approves any such delivery in advance.

For purposes of Section III.M.1., "comparable Securities" are Securities that: (a) are issued and/or guaranteed by the same agency, (b) have the same coupon, (c) have a principal amount at least equal to but no more than two percent (2%)

greater than the Security purchased or sold, (d) are of the same program or class, and (e) either (i) have an aggregate weighted average monthly maturity within a 12-month variance of the Security purchased or sold, but in no case can the variance be more than ten percent (10%) of such aggregate weighted average maturity of the Securities purchased or sold, or (ii) meet some other comparable objective standard containing a range of variance that is no greater than that described in (i) above and that assures that the aging of the Securities is properly taken into account.

N. *Foreign Exchange Transactions with an MPS Counterparty.* Relief under Section I of this exemption is available for a Foreign Exchange Transaction by a BlackRock Manager on behalf of Client Plans with an MPS as counterparty provided that:

1. (a) the Foreign Exchange Transaction is as a result of the Three Quote Process; or (b) if the total net amount of the Foreign Exchange Transaction on behalf of Client Plans by BlackRock Managers is greater than \$1 million, the exchange rate is within 0.5% above or below the Interbank Rate as represented to the BlackRock Managers by the MPS;

2. the Foreign Exchange Transactions with an MPS counterparty only involve currencies of countries that are

classified as "developed" or "emerging" markets by a third party Index provider that divides national economies into "developed," "emerging" and "frontier" markets. The Index provider shall be selected by BlackRock, provided, however, the IM shall have the right to reject the Index provider in its sole discretion at any time; and

3. each Foreign Exchange Transaction complying with Section III.N.1.(b) must be set forth in the applicable quarterly reports of the ECO to the IM.

O. *Agency Execution of Equity and Fixed Income Securities Trades and Related Clearing as Described in PTE 86-128, Including Agency Cross Trades, When the Broker is an MPS.* Relief under Section I of this exemption is available for transactions in Securities described in Section II of Prohibited Transaction Exemption 86-128, as amended³⁵ (PTE 86-128), as if BlackRock Managers and MPS broker-dealers were "affiliates" as defined in Section I.(b) of PTE 86-128, provided the following conditions are satisfied:

1. The MPS is selected to perform Securities brokerage services for Client Plans pursuant to the normal

³⁵ 51 FR 41686 (Nov. 18, 1986), as amended, 67 FR 64137 (Oct. 17, 2002).

brokerage placement practices, policies and procedures of the BlackRock Manager designed to ensure best execution.

2. The conditions of PTE 86-128 set forth in the following sections of that exemption must be complied with: Section III(e); Section III(f); Section III(g)(2); and Section III(h); provided, however, that, for purposes of Section III(e), Section III(f) and Section III(g)(2) of PTE 86-128, the ECO Function is the "authorizing fiduciary" referred to therein; and the ECO has the authority to terminate the use of the MPS as broker-dealer without penalty to Client Plans at any time; and provided further that the first sentence of Section III(h) of PTE 86-128 is amended for purposes of this Section III.0.2. to provide as follows: "A trustee (other than a nondiscretionary trustee) may only engage in a covered transaction with a plan that has total net assets with a value of at least \$50 million and in the case of a Pooled Fund, the \$50 million requirement will be met if fifty percent (50%) or more of the units of beneficial interest in such Pooled Fund are held by investors having total net assets with a value of at least \$50 million."

3. With respect to agency cross transactions described in Section III(g) of PTE 86-128 that are being effected or executed by an MPS broker, (i) neither the MPS broker effecting or executing the agency cross transaction nor

any member of the same MPS Group as the MPS broker effecting or executing the agency cross transaction may have discretionary authority to act on behalf of, and/or provide investment advice to another party to the agency cross transaction which is a seller when the Client Plan is a buyer, or which is a buyer, when the Client Plan is a seller (Another Party), and (ii), neither the BlackRock Manager nor the trader for the BlackRock Manager instituting the transaction for the Client Plan may have knowledge that a BlackRock Entity has discretionary authority and/or provides investment advice to Another Party to the agency cross transaction.

4. The exceptions in Sections IV(a), (b), and (c) of PTE 86-128 are applicable to this exemption.

P. *Use by BlackRock Managers of Exchanges and Automated Trading Systems on Behalf of Client Plans.* Relief under Section I of this exemption is available for the direct or indirect use by, or directing of trades to, U.S. and non-U.S. exchanges or U.S. Automated Trading Systems (ATS) in which one or more MPSSs have an ownership interest by BlackRock Managers for Client Plans, if either:

1. no one MPS (together with other members of the same MPS Group) has (i) a greater than ten percent (10%)

ownership interest in the exchange or ATS or (ii) the BlackRock Managers do not know the level of such ownership interest; or

2. if a BlackRock Manager knows that an MPS (together with other members of the same MPS Group) has an ownership interest that is greater than ten percent (10%) but not greater than twenty percent (20%) in the exchange or ATS,

(a) the ECO makes a determination, summarized in the ECO quarterly report, that there is no reason for a BlackRock Manager or all BlackRock Managers to discontinue such direct or indirect use of or the directing of trades to any such exchange or ATS on the basis that the amount of use or the volume of trades is unwarranted or not in the interests of the Client Plans and their participants and beneficiaries, and does not make a determination that a BlackRock Manager or all BlackRock Managers must discontinue such direct or indirect use of or the directing of trades to any such exchange or ATS on the basis that the amount of use or the volume of trades is unwarranted or not in the interests of the Client Plans and their participants and beneficiaries. The IM may request any additional information relating to any such determination summarized in the ECO quarterly report and may, after consultation with the ECO, make a determination that a BlackRock Manager or all BlackRock Managers must discontinue such direct

or indirect use of or the directing of trades to any such exchange or ATS on the basis that the amount of use or the volume of trades is unwarranted or not in the interests of the Client Plans and their participants and beneficiaries;

(b) the price and compensation associated with any purchases or sales utilizing such exchange or ATS are not greater than the price and compensation associated with an arm's length transaction with an unrelated party; and

(c) all such exchanges and ATSS shall be situated within the jurisdiction of the U.S. District Courts and regulated by a U.S. federal regulatory body or a U.S. federally approved self-regulatory body, provided that this condition shall not apply to the direct or indirect use of or the directing of trades to an exchange in a country other than the United States which is regulated by a government regulator or a government approved self-regulatory body in such country and which involves trading in Securities (including the lending of Securities) or futures contracts.

Q. *Purchases in the Secondary Market of Common and Preferred Stock Issued by an MPS by BlackRock Managers for Client Plans Invested in an Index Account or Fund, or a Model-Driven Account or Fund.* Relief under Section I of this exemption is available for the purchase in the secondary market

of common or preferred stock issued by an MPS by BlackRock Managers for Client Plans invested in an Index Account or Fund, or a Model-Driven Account or Fund provided that:

1. Such purchase is for the sole purpose of maintaining quantitative conformity with the weight of such Securities prescribed by the relevant Index, for Index Accounts or Funds, or the weight of such Securities prescribed by the relevant Model, for Model-Driven Accounts or Funds, and such purchase is reasonably calculated not to exceed the purchase amount necessary for such Model or quantitative conformity by more than a de minimis amount.

2. Such purchase is not made from the issuing MPS.

3. Notwithstanding Section III.Q.2., BlackRock Managers may rely on other exemptive relief when acquiring stock of an MPS for Client Plans through an MPS broker, including the issuing MPS.

R. *Purchase in the Secondary Market of Common and Preferred Stock Issued by an MPS by BlackRock Managers for Client Plans Invested in an Other Account or Fund.* Relief under Section I of this exemption is available for the purchase in the secondary market of common or preferred stock issued by an MPS

by BlackRock Managers for Client Plans invested in an Other Account or Fund provided that:

1. Such purchase is not made from the issuing MPS.
2. Notwithstanding Section III.R.1., BlackRock Managers may rely on other exemptive relief when acquiring stock of an MPS for Client Plans under this Section III.R. through an MPS broker, including the issuing MPS.
3. As a consequence of a purchase of MPS stock, the class of stock purchased does not constitute more than five percent (5%) of the Other Account or Fund. In the case of a Pooled Fund, the class of stock purchased and attributed to each Client Plan does not exceed five percent (5%) of such Client Plan's proportionate interest in the Pooled Fund.
4. Aggregate daily purchases of a class of MPS stock for Client Plans do not exceed the greater of (i) fifteen percent (15%) of the aggregate average daily trading volume (ADTV) for the previous ten (10) trading days, or (ii) fifteen percent (15%) of trading volume on the date of the purchase. These volume limitations must be met on a portfolio manager by portfolio manager basis unless purchases are coordinated among portfolio managers, in which case the limitations are applied to

the coordinated purchase.³⁶ Any coordinated purchases of the same class of MPS stock in the secondary market for Index Accounts or Funds or for Model-Driven Accounts or Funds must be taken into account when applying these ADTV limitations on purchases for an Other Account or Fund; provided, however, if coordinated purchases for Index Accounts or Funds, or for Model-Driven Accounts or Funds, would cause the fifteen percent (15%) limitation to be exceeded, BlackRock Managers can nonetheless acquire for Other Accounts or Funds up to the greater of five percent (5%) of ADTV for the previous ten (10) trading days or five percent (5%) of trading volume on the day of the Covered Transaction. For purposes of this Section III.R.4., cross trades of MPS equity Securities which comply with an applicable statutory or administrative prohibited transaction exemption are not taken into account.

5. The ECO Function monitors the volume limits on purchases of MPS stock described in Section III.R.4. and provides a monthly report to the IM with respect to such

³⁶ For example, if two or more portfolio managers send their purchase orders to the same trading desk and the traders on that trading desk coordinate the purchases of the same MPS equity Securities, the limitations apply to the trading desk; if two or more portfolio managers or two or more trading desks are coordinating purchases of MPS equity Securities, the limitations are applied across the group of portfolio managers or traders who are coordinating the purchase orders.

purchases and limits. The IM shall impose lower volume limitations and take other appropriate action with respect to such purchases if the IM determines on the basis of these reports by the ECO and publicly available information materially related to the trading of the Securities of an MPS on its primary listing exchange (or market) that the purchases described have a material positive impact on the market price for such Securities.

S. Purchases, Sales and Holdings by BlackRock Managers for Client Plans of Commercial Paper Issued by ABCP Conduits, When an MPS Has One or More Roles. Relief under Section I of this exemption is available for the purchase and sale, including purchases from or sales to an MPS, and the holding by BlackRock Managers acting on behalf of Client Plans of commercial paper issued by an ABCP Conduit with respect to which an MPS acts as seller, placement agent, and/or in some continuing capacity such as program administrator, provider of liquidity or provider of credit support, provided that:

1. (a) the Client Plan is not an MPS Plan of the MPS with whom the purchase or sale takes place, or an MPS Plan of another MPS member of the same MPS Group as such MPS; and (b) the Client Plan is not an MPS Plan of an MPS which is acting in a continuing capacity, or an MPS Plan of another MPS member of

the same MPS Group as such MPS; provided that, the conditions set forth in clauses (a) and (b) of this Section III.S.1. will be deemed met if a Client Plan meets the condition of Section II.A.2. by reason of Section II.A.3. of this exemption;

2. neither the MPS involved in the Covered Transaction nor any member of the same MPS Group as the MPS involved in such Covered Transaction has discretionary authority or control with respect to Client Plan assets involved in the Covered Transaction under this Section III.S.; provided that, this condition will be deemed met if a Client Plan meets the condition of Section II.A.2. by reason of Section II.A.3. of this exemption;

3. the commercial paper has a stated maturity date of nine months or less from the date of issue, exclusive of days of grace, or is a renewal of an issue of commercial paper the maturity of which is likewise limited;

4. at the time it is acquired, the commercial paper is ranked in the highest rating category by at least one of the Rating Organizations;

5. if the seller or purchaser of the ABCP commercial paper is an MPS, purchases and sales are made pursuant to the Three Quote Process, provided that, for purposes of this Section

III.S.5., firm quotes on comparable short-term money market instruments rated in the same category may be used for purposes of the Three Quote Process; and

6. if an MPS performs a continuing role and there is a default, the taking or refraining from taking of any action by the responsible BlackRock Manager which could have a material positive or negative effect upon the MPS is decided upon by the IM.

No BlackRock Entity is to be regarded as an affiliate of any MPS for purposes of the Covered Transactions set forth in this Section III.S.

T. *Purchase, Holding and Disposition by BlackRock Managers for Client Plans of Shares of Exchange-Traded Open-End Investment Companies Registered Under the 1940 Act (ETF) Managed by BlackRock Managers.* Relief under Section I of this exemption is available for the purchase, holding and disposition by BlackRock Managers for Client Plans of shares of an ETF managed by a BlackRock Manager provided that:

1. the BlackRock Manager purchases such ETF shares from or through a person other than an MPS or a BlackRock Entity; and

2. no purchase is exempt under Section I of this exemption if the BlackRock Manager portfolio manager acting for the Client Plan knows or should know that the shares to be acquired for Client Plans are Creation Shares, or that the purchase for Client Plans will result in new Creation Shares.

*U. Purchase, Holding and/or Disposition of BlackRock Equity Securities in the Secondary Market by BlackRock Managers for an Index Account or Fund, or a Model-Driven Account or Fund, Including Buy-Ups.*³⁷ Relief under Section I of this exemption is available for the purchase, holding and disposition of common or preferred stock issued by BlackRock in the secondary market by BlackRock Managers for Client Plans in an Index Account or Fund, or in a Model-Driven Account or Fund provided that:

1. the acquisition, holding and disposition of the BlackRock Securities is for the sole purpose of maintaining quantitative conformity with the weight of such Securities

³⁷ BlackRock requested such relief for the avoidance of any issue about the necessity for such relief in particular circumstances; the Department is not opining on the need for such relief herein.

prescribed by the relevant Index, for Index Accounts or Funds, or the weight of such Securities prescribed by the relevant Model, for Model-Driven Accounts or Funds, and such purchase is reasonably calculated not to exceed the purchase amount necessary for such Model or quantitative conformity by more than a de minimis amount.

2. Any acquisition of BlackRock Securities does not involve any agreement, arrangement or understanding regarding the design or operation of the account or fund acquiring the BlackRock Securities which is intended to benefit BlackRock or any party in which BlackRock may have an interest.

3. With respect to an acquisition of BlackRock Securities by such an account or fund which constitutes a Buy-Up,

(a) the acquisition is made on a single trading day from or through one broker-dealer, which broker-dealer is not an MPS or a BlackRock Entity; provided, however, that if the volume limitation in Section III.U.3.(d) below cannot be satisfied in a single trading day, the acquisition will be completed in as few trading days as possible in compliance with such volume limitation and such trades will be reviewed by the ECO and reported to the IM;

(b) based upon the best available information, the acquisition is not the opening transaction of a trading day and is not made in the last half hour before the close of the trading day;

(c) the price paid by the BlackRock Manager is not higher than the lowest current independent offer quotation, determined on the basis of reasonable inquiry from broker-dealers who are not MPSSs or BlackRock Entities;

(d) aggregate daily purchases do not exceed fifteen percent (15%) of aggregate average daily trading volume for the Security, as determined by the greater of (i) the trading volume for the Security occurring on the applicable Recognized Securities Exchange and/or Automated Trading System on the date of the transactions, or (ii) the aggregate average daily trading volume for the Security occurring on the applicable Recognized Securities Exchange and/or Automated Trading System for the previous ten (10) trading days, both based on the best information reasonably available at the time of the transaction. These volume limitations are applied on a portfolio manager by portfolio manager basis unless purchases of BlackRock Securities are coordinated by the portfolio managers or trading desks, in which case the limitations are aggregated for the coordinating portfolio managers or trading desks.

Provided further, if BlackRock, without Client Plan direction or consent, initiates a new Index Account or Fund or Model-Driven Account or Fund on its own accord, with BlackRock Securities included therein, the volume restrictions for such new account or fund shall be determined by aggregating all portfolio managers purchasing for such new account or fund. Cross trades of BlackRock Securities which comply with an applicable statutory or administrative prohibited transaction exemption are not included in the amount of aggregate daily purchases to which the limitations of this Section III.U. apply;

(e) all purchases and sales of BlackRock Securities occur either (i) on a Recognized Securities Exchange, (ii) through an Automated Trading System operated by a broker-dealer that is not a BlackRock Entity and is either registered under the 1934 Act, and thereby subject to regulation by the Securities and Exchange Commission, or subject to regulation and supervision by the Securities and Futures Authority of the UK or another applicable regulatory authority, which provides a mechanism for customer orders to be matched on an anonymous basis without the participation of a broker-dealer, or (iii) through an Automated Trading System that is operated by a Recognized Securities Exchange, pursuant to the applicable securities laws, and provides a mechanism for customer orders to

be matched on an anonymous basis without the participation of a broker-dealer; and

(f) the ECO designs acquisition procedures for BlackRock Managers to follow in Buy-Ups, which the IM approves in advance of the commencement of any Buy-Up, and the ECO Function monitors BlackRock Manager's compliance with such procedures.

V. *Acquisition by BlackRock Managers of Financial Guarantees, Indemnities and Similar Protections for Client Plans from MPSs.* Relief under Section I of this exemption is available for the provision by an MPS of a financial guarantee, indemnification arrangement or similar instrument or arrangement providing protection to a Client Plan against possible losses or risks provided that:

1. The terms of the arrangement (including the identity of the provider) are approved by a fiduciary of the Client Plan which is independent of the MPS providing such protection and of BlackRock;

2. The compensation owed the MPS under the arrangement is paid by a BlackRock Entity and not paid out of the assets of the Client Plan;

3. In the event a Client Plan or the ECO concludes an event has occurred which should trigger the obligations of the MPS under the arrangement, and the MPS disagrees to any material extent, the IM determines the steps the BlackRock Manager must take to protect the interests of the Client Plan; and

4. The MPS providing the arrangement is capable of being sued in United States courts, has contractually agreed to be subject to litigation in the United States with respect to any matter relating to this Section III.V., and has sufficient assets in the United States to honor its commitments under the arrangement.

W. Purchase of a Portion or All of a Loan to an Entity Which is not an MPS and is not a BlackRock Entity from an MPS or Other Arranger and the Holding thereof by BlackRock Managers Where an MPS is an Arranger, and/or an MPS has an Ongoing Function Regarding Such Loan. Relief under Section I of this exemption is available for the purchase from an MPS or other Arranger by BlackRock Managers on behalf of Client Plans of all or a portion of a Loan and the holding thereof, where an MPS is an Arranger and/or an MPS has an ongoing function in relation to the Loan, provided that:

1. The BlackRock Manager obtains an assignment of the Loan or portion thereof on behalf of the Client Plan, which assignment provides for the Client Plan to become the lender of record, and the transfer of title, voting rights and all other applicable rights to such Client Plan (the Loan or the portion thereof, an "Assigned Loan");

2. The borrower under the Assigned Loan is not an MPS or a BlackRock Entity;**38**

3. The Assigned Loan is purchased prior to the end of the first day on which any sales are made pursuant to that offering, at a price that is not more than the price paid by each other purchaser of Assigned Loans in that offering or in any concurrent offering of the Assigned Loans, except that Assigned Loans may be purchased at a price that is not more than the price paid by each other purchaser of the Assigned Loans in that offering or in any concurrent offering of the Assigned Loans and may be purchased on a day subsequent to the end of the first day on which any sales are made, pursuant to that offering, provided that the interest rates, as of the date of

38 Proceeds of the Assigned Loan may be used by the relevant borrower to repay a debt owed to an MPS, provided that the conditions set forth in Section III.J. of this exemption are satisfied (for these purposes and for purposes of such conditions the Assigned Loan shall be deemed to be a Security).

such purchase, on comparable Assigned Loans offered subsequent to the end of the first day on which any sales are made and prior to the purchase date are less than the interest rate of the Assigned Loans being purchased;

4. The Assigned Loan is offered pursuant to a selling agreement or arrangement under which the Arrangers are committed to make the full amount of the loan commitment to the borrower;

5. The borrower under the Assigned Loan to be purchased pursuant to this exemption must have been in continuous operation for not less than three (3) years, including the operation of any predecessors, unless:

(a) the Assigned Loan has a Facility Rating in one of the four highest rating categories by a Rating Organization; provided that none of the Rating Organizations provides a Facility Rating in a category lower than the fourth highest rating category with respect to the Assigned Loan; provided further that if the Assigned Loan lacks a Facility Rating, the Assigned Loan shall have a Borrower Rating that meets the ratings standards set forth in this subsection; or

(b) the Assigned Loan is fully guaranteed by a guarantor that has been in continuous operation for not less

than three (3) years, including the operation of any predecessors, provided that such guarantor has issued Securities registered under the 1933 Act; or if such guarantor has issued Securities which are exempt from such registration requirement, such guarantor has been in continuous operation for not less than three (3) years, including the operation of any predecessors, and such guarantor is:

(i) a bank,

(ii) an issuer of Securities which are exempt from such registration requirement, pursuant to a Federal statute other than the 1933 Act; or

(iii) an issuer of Securities that are the subject of a distribution and are of a class which is required to be registered under Section 12 of the 1934 Act, and are issued by an issuer that has been subject to the reporting requirements of Section 13 of the 1934 Act for a period of at least ninety (90) days immediately preceding the sale of such Loans and that has filed all reports required to be filed hereunder with the SEC during the preceding twelve (12) months.

6. The aggregate amount of an Assigned Loan being purchased in a Loan Offering pursuant to this exemption by the BlackRock Manager with: (i) the assets of all Client Plans; and

(ii) the assets, calculated on a pro rata basis, of all Client Plans investing in Pooled Funds managed by the BlackRock Manager; and (iii) the assets of plans to which the BlackRock Manager renders investment advice within the meaning of 29 CFR 2510.3-21(c) does not exceed:

(a) thirty five percent (35%) of the total amount of the Assigned Loan being purchased in the Loan Offering, if the Facility Rating of such Assigned Loan is, or, if such Assigned Loan does not have a Facility Rating, the borrower thereunder has a Borrower Rating, in one of the four highest rating categories by at least one of the Rating Organizations; provided that none of the Rating Organizations provides a Facility Rating for such Assigned Loan or, if such Assigned Loan does not have a Facility Rating, a Borrower Rating, in a category lower than the fourth highest rating category; or

(b) twenty five percent (25%) of the total amount of the Assigned Loan being purchased in the Loan Offering, if the Facility Rating of such Assigned Loan is, or, if such Assigned Loan does not have a Facility Rating, the borrower thereunder has a Borrower Rating, in the fifth or sixth highest rating categories by at least one of the Rating Organizations; provided that none of the Rating Organizations

provides a Facility Rating for such Assigned Loan or, if such Assigned Loan does not have a Facility Rating, a Borrower Rating, in a category lower than the sixth highest rating category; and provided that

(c) the assets of any single Client Plan (and the assets of any Client Plans investing in Pooled Funds) may not be used to purchase any Assigned Loan if the Facility Rating of such Assigned Loan is, or, if such Assigned Loan does not have a Facility Rating, the borrower thereunder has a Borrower Rating that is lower than the sixth highest rating category by any of the Rating Organizations.

7. Notwithstanding the percentage of a Loan Offering permitted to be acquired, as set forth in Subsections 6(a) or (b) of this Section III.W., the amount of Assigned Loans in a Loan Offering purchased pursuant to this exemption by the BlackRock Manager on behalf of any single Client Plan, either individually or through investment, calculated on a pro rata basis, in a Pooled Fund may not exceed three percent (3%) of the total amount of such Assigned Loans being offered in such Loan Offering, provided that a Sub-Advised Pooled Fund as a whole may purchase up to three percent (3%) of a Loan Offering.

8. The aggregate amount to be paid by any single Client Plan in purchasing any Assigned Loans which are the

subject of this exemption, including any amounts paid by any Client Plan in purchasing such Assigned Loans through a Pooled Fund, calculated on a pro rata basis, does not exceed three percent (3%) of the fair market value of the net assets of such Client Plan, as of the last day of the most recent fiscal quarter of such Client Plan prior to such transaction, provided that a Sub-Advised Pooled Fund as a whole may pay up to one percent (1%) of fair market value of its net assets in purchasing such Assigned Loans.

9. The BlackRock Manager has an opportunity to review the material terms of the Assigned Loan prior to agreeing to acquire the Assigned Loan, as well as review information which information may be obtained from one or more web-based sites (e.g., Intralinks) maintained for potential investors and lenders for this purpose. Information available to be reviewed shall include information regarding the borrower and draft loan documents (e.g., credit agreement, confidential information statement).

10. The Covered Transactions in this Section III.W. are not part of an agreement, arrangement, or understanding designed to benefit any BlackRock Entity or MPS.

11. Each Client Plan engaging in Covered Transactions pursuant to this Section III.W. shall have total net assets of

at least \$100 million in Securities of issuers that are not affiliated with such Client Plan (the \$100 Million Net Asset Requirement).

For purposes of a Pooled Fund engaging in the purchase of an Assigned Loan which is the subject of this exemption, each Client Plan in such Pooled Fund other than a Sub-Advised Pooled Fund shall have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such Client Plan. Notwithstanding the foregoing, if each Client Plan in such Pooled Fund other than a Sub-Advised Pooled Fund does not have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such Client Plan, the \$100 Million Net Asset Requirement will be met if 50 percent (50%) or more of the units of beneficial interest in such Pooled Fund are held by investors, each of which have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such investor, and the Pooled Fund itself qualifies as a QIB.

For purposes of the net asset requirements described in this Section III.W., where a group of Client Plans is maintained by a single employer or controlled group of employers, as defined in ERISA section 407(d)(7), the \$100 Million Net Asset Requirement may be met by aggregating the

assets of such Client Plans, if the assets of such Client Plans are pooled for investment purposes in a single master trust.

12. No more than twenty percent (20%) of the assets of a Pooled Fund, at the time of a Covered Transaction, are comprised of assets of In-House Plans for which the BlackRock Manager, or a BlackRock Entity exercises investment discretion.

13. The BlackRock Manager must be a QPAM, and, in addition to satisfying the requirements for a QPAM under section VI(a) of PTE 84-14, the BlackRock Manager must also have total client assets under its management and control in excess of \$5 billion, as of the last day of its most recent fiscal year and shareholders' or partners' equity in excess of \$1 million.

14. The conditions of Subsections IV.A.11. and 12. are satisfied with respect to the Covered Transactions described in this Section III.W.

15. With respect to any Assigned Loan under which an MPS has an ongoing function, such as an administrative agent or collateral agent, the taking of or refraining from taking of any action by the responsible BlackRock Manager which could have a material positive or negative effect upon the MPS is decided upon by the IM.

SECTION IV: AFFILIATED UNDERWRITINGS AND AFFILLIATED SERVICING

A. Affiliated Underwritings

1. The Securities to be purchased are either:

(a) part of an issue registered under the 1933 Act, or, if Securities to be purchased are part of an issue that is exempt from such registration requirement, such Securities:

(i) are issued or guaranteed by the United States or by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States,

(ii) are issued by a bank,

(iii) are exempt from such registration requirement pursuant to a federal statute other than the 1933 Act, or

(iv) are the subject of a distribution and are of a class which is required to be registered under section 12 of the 1934 Act, and are issued by an issuer that has been subject to the reporting requirements of section 13 of the 1934 Act for a period of at least ninety (90) days immediately preceding the sale of such Securities and that has filed all

reports required to be filed thereunder with the SEC during the preceding twelve (12) months; or

(b) part of an issue that is an Eligible Rule 144A Offering. Where the Eligible Rule 144A Offering of the Securities is of equity Securities, the offering syndicate shall obtain a legal opinion regarding the adequacy of the disclosure in the offering memorandum; or

(c) municipal bonds taxable by the United States, including Build America Bonds created under section 54AA of the Code or successor thereto, under which the United States pays a subsidy to the state or local government issuer, but not including Build America Bonds which provide a tax credit to investors.

2. The Securities to be purchased are purchased prior to the end of the first day on which any sales are made, pursuant to that offering, at a price that is not more than the price paid by each other purchaser of the Securities in that offering or in any concurrent offering of the Securities, except that:

(a) if such Securities are offered for subscription upon exercise of rights, they may be purchased on

or before the fourth day preceding the day on which the rights offering terminates; or

(b) if such Securities are debt Securities, they may be purchased at a price that is not more than the price paid by each other purchaser of the Securities in that offering or in any concurrent offering of the Securities and may be purchased on a day subsequent to the end of the first day on which any sales are made, pursuant to that offering, provided that the interest rates, as of the date of such purchase, on comparable debt Securities offered to the public subsequent to the end of the first day on which any sales are made and prior to the purchase date are less than the interest rate of the debt Securities being purchased; and

3. The Securities to be purchased are offered pursuant to an underwriting or selling agreement under which the members of the syndicate are committed to purchase all of the Securities being offered, except if:

(a) such Securities are purchased by others pursuant to a rights offering; or

(b) such Securities are offered pursuant to an over-allotment option.

4. The issuer of the Securities to be purchased pursuant to this exemption must have been in continuous operation for not less than three (3) years, including the operation of any predecessors, unless the Securities to be purchased:

(a) are non-convertible debt Securities rated in one of the four highest rating categories by a Rating Organization; provided that none of the Rating Organizations rates such Securities in a category lower than the fourth highest rating category; or

(b) (i) are debt Securities issued or fully guaranteed by the United States or by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States; or

(ii) are municipal bonds taxable by the United States, including Build America Bonds created under section 54AA of the Code or successor thereto, under which the United States pays a subsidy to the state or local government issuer, but not including Build America Bonds which provide a tax credit to investors; or

(c) are debt Securities which are fully guaranteed by a guarantor that has been in continuous operation for not less than three (3) years, including the operation of any predecessors, provided that such guarantor has issued other Securities registered under the 1933 Act; or if such guarantor has issued other Securities which are exempt from such registration requirement, such guarantor has been in continuous operation for not less than three (3) years, including the operation of any predecessors, and such guarantor is:

(i) a bank;

(ii) an issuer of Securities which are exempt from such registration requirement, pursuant to a Federal statute other than the 1933 Act; or

(iii) an issuer of Securities that are the subject of a distribution and are of a class which is required to be registered under section 12 of the 1934 Act, and are issued by an issuer that has been subject to the reporting requirements of section 13 of the 1934 Act for a period of at least ninety (90) days immediately preceding the sale of such Securities and that has filed all reports required to be filed hereunder with the SEC during the preceding twelve (12) months.

5. The aggregate amount of Securities of an issue purchased, pursuant to this exemption, by the BlackRock Manager with: (i) the assets of all Client Plans; and (ii) the assets, calculated on a *pro rata* basis, of all Client Plans investing in Pooled Funds managed by the BlackRock Manager; and (iii) the assets of plans to which the BlackRock Manager renders investment advice within the meaning of 29 CFR 2510.3 21(c) does not exceed:

(a) ten percent (10%) of the total amount of the Securities being offered in an issue, if such Securities are equity Securities;

(b) thirty five percent (35%) of the total amount of the Securities being offered in an issue, if such Securities are Asset-Backed Securities rated in one of the three highest rating categories by at least one of the Rating Organizations; provided that none of the Rating Organizations rates such Securities in a category lower than the third highest rating category;

(c) thirty five percent (35%) of the total amount of the Securities being offered in an issue, if such Securities are debt Securities rated in one of the four highest rating categories by at least one of the Rating Organizations; provided that none of the Rating Organizations rates such

Securities in a category lower than the fourth highest rating category; or

(d) twenty five percent (25%) of the total amount of the Securities being offered in an issue, if such Securities are debt Securities (excluding Asset-Backed Securities) rated in the fifth or sixth highest rating categories by at least one of the Rating Organizations; provided that none of the Rating Organizations rates such Securities in a category lower than the sixth highest rating category; and

(e) the assets of any single Client Plan (and the assets of any Client Plans investing in Pooled Funds) may not be used to purchase any Securities being offered, if such Securities are debt Securities rated lower than the sixth highest rating category by any of the Rating Organizations;

(f) notwithstanding the percentage of Securities of an issue permitted to be acquired, as set forth in Subsections A.5.(a)-(d) of this Section IV., the amount of Securities in any issue (whether equity or debt Securities or Asset-Backed Securities) purchased, pursuant to this exemption, by the BlackRock Manager on behalf of any single Client Plan, either individually or through investment, calculated on a *pro rata* basis, in a Pooled Fund may not exceed three percent (3%) of the total amount of such Securities being offered in such

issue, provided that a Sub-Advised Pooled Fund as a whole may purchase up to three percent (3%) of an issue; and

(g) If purchased in an Eligible Rule 144A Offering, the total amount of the Securities being offered for purposes of determining the percentages, described, above, in Section IV.A.5.(a)-(d) and (f), is the total of:

(i) The principal amount of the offering of such class of Securities sold by underwriters or members of the selling syndicate to QIBs; plus

(ii) The principal amount of the offering of such class of Securities in any concurrent public offering.

6. The aggregate amount to be paid by any single Client Plan in purchasing any Securities which are the subject of this exemption, including any amounts paid by any Client Plan in purchasing such Securities through a Pooled Fund, calculated on a *pro rata* basis, does not exceed three percent (3%) of the fair market value of the net assets of such Client Plan, as of the last day of the most recent fiscal quarter of such Client Plan prior to such transaction, provided that a Sub-Advised Pooled Fund as a whole may pay up to one percent (1%) of fair market value of its net assets in purchasing such Securities.

7. The Covered Transactions are not part of an agreement, arrangement, or understanding designed to benefit any BlackRock Entity or MPS.

8. Each Client Plan shall have total net assets with a value of at least \$50 million (the \$50 Million Net Asset Requirement). For purposes of engaging in Covered Transactions involving an Eligible Rule 144A Offering, each Client Plan shall have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such Client Plan (the \$100 Million Net Asset Requirement).

For purposes of a Pooled Fund engaging in an Affiliated Underwriting, each Client Plan in such Pooled Fund other than a Sub-Advised Pooled Fund shall have total net assets with a value of at least \$50 million. Notwithstanding the foregoing, if each such Client Plan in a Pooled Fund other than a Sub-Advised Pooled Fund does not have total net assets with a value of at least \$50 million, the \$50 Million Net Asset Requirement will be met, if fifty percent (50%) or more of the units of beneficial interest in such Pooled Fund are held by investors, each of which has total net assets with a value of at least \$50 million.

For purposes of a Pooled Fund engaging in an Affiliated Underwriting involving an Eligible Rule 144A Offering, each Client Plan in such Pooled Fund other than a Sub-Advised Pooled

Fund shall have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such Client Plan. Notwithstanding the foregoing, if each such Client Plan in such Pooled Fund other than a Sub-Advised Pooled Fund does not have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such Client Plan, the \$100 Million Net Asset Requirement will be met if fifty percent (50%) or more of the units of beneficial interest in such Pooled Fund are held by investors, each of which have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such investor, and the Pooled Fund itself qualifies as a QIB.

For purposes of the net asset requirements described, above in Section IV.A.8., where a group of Client Plans is maintained by a single employer or controlled group of employers, as defined in ERISA section 407(d)(7), the \$50 Million Net Asset Requirement (or in the case of an Eligible Rule 144A Offering, the \$100 Million Net Asset Requirement) may be met by aggregating the assets of such Client Plans, if the assets of such Client Plans are pooled for investment purposes in a single master trust.

9. No more than twenty percent (20%) of the assets of a Pooled Fund, at the time of a Covered Transaction, are

comprised of assets of In-House Plans for which the BlackRock Manager, or a BlackRock Entity exercises investment discretion.

10. The BlackRock Manager must be a QPAM, and, in addition to satisfying the requirements for a QPAM under section VI(a) of PTE 84-14, the BlackRock Manager must also have total client assets under its management and control in excess of \$5 billion, as of the last day of its most recent fiscal year and shareholders' or partners' equity in excess of \$1 million.

11. The BlackRock Manager maintains, or causes to be maintained, for a period of six (6) years from the date of any Covered Transaction such records as are necessary to enable the persons described below in Section IV.A.12.(a) to determine whether the conditions of this exemption have been met, except that:

(a) No party in interest with respect to a plan which engages in the Covered Transactions, other than the BlackRock Manager, shall be subject to a civil penalty under ERISA section 502(i) or the taxes imposed by Code sections 4975(a) and (b), if such records are not maintained, or not available for examination as required below by Section IV.A.12.(a); and

(b) A separate prohibited transaction shall not be considered to have occurred if, due to circumstances beyond the control of the BlackRock Manager, such records are lost or destroyed prior to the end of the six-year period.

12. (a) Except as provided below, in Section IV.A.12.(b), and notwithstanding the provisions of subsections (a)(2) and (b) of ERISA section 504, the records referred to, above, in Section IV.A.11. are unconditionally available at their customary location for examination during normal business hours by:

(i) Any duly authorized employee or representative of the Department, the Internal Revenue Service, or the SEC;

(ii) Any fiduciary of any Client Plan that engages in the Covered Transactions, or any duly authorized employee or representative of such fiduciary;

(iii) Any employer of participants and beneficiaries and any employee organization whose members are covered by a Client Plan that engages in the Covered Transactions, or any authorized employee or representative of these entities; or

(iv) Any participant or beneficiary of a Client Plan that engages in the Covered Transactions, or duly authorized employee or representative of such participant or beneficiary;

(b) None of the persons described in Section IV.A.12.(a)(ii) through (iv) shall be authorized to examine trade secrets of the BlackRock Manager, or commercial or financial information which is privileged or confidential; and

(c) Should the BlackRock Manager refuse to disclose information on the basis that such information is exempt from disclosure, pursuant to Section IV.A.12.(b), the BlackRock Manager shall, by the close of the thirtieth (30th) day following the request, provide a written notice advising that person of the reasons for the refusal and that the Department may request such information.

B. Affiliated Servicing

1. The Securities are CMBS that are rated in one of the three highest rating categories by a Rating Organization; provided that none of the Rating Organizations rates such Securities in a category lower than the third highest rating category.

2. The purchase of the CMBS meets the conditions of an applicable Underwriter Exemption.

3. (a) The aggregate amount of CMBS of an issue purchased, pursuant to this exemption, by the BlackRock Manager with:

(i) The assets of all Client Plans; and

(ii) The assets, calculated on a pro rata basis, of all Client Plans and In-House Plans investing in Pooled Funds managed by the BlackRock Manager; and

(iii) The assets of plans to which the BlackRock Manager renders investment advice, within the meaning of 29 CFR Sec. 2510.3-21(c), does not exceed thirty five percent (35%) of the total amount of the CMBS being offered in an issue.

(b) Notwithstanding the percentage of CMBS of an issue permitted to be acquired, as set forth in Section IV.B.3.(a) of this exemption, the amount of CMBS in any issue purchased, pursuant to this exemption, by the BlackRock Manager on behalf of any single Client Plan, either individually or through investment, calculated on a pro rata basis, in a Pooled Fund may not exceed three percent (3%) of the total amount of such CMBS being offered in such issue, and;

(c) If purchased in an Eligible Rule 144A Offering, the total amount of the CMBS being offered for purposes of determining the percentages described in Section IV.B.3.(a), is the total of:

(i) The principal amount of the offering of such class of CMBS sold by underwriters or members of the selling syndicate to QIBs; plus

(ii) The principal amount of the offering of such class of CMBS in any concurrent public offering.

4. The aggregate amount to be paid by any single Client Plan in purchasing any CMBS which are the subject of this exemption, including any amounts paid by any Client Plan in purchasing such CMBS through a Pooled Fund, calculated on a pro rata basis, does not exceed three percent (3%) of the fair market value of the net assets of such Client Plan, as of the last day of the most recent fiscal quarter of such Client Plan prior to such transaction.

5. The Covered Transactions under this Section IV.B. are not part of an agreement, arrangement, or understanding designed to benefit any MPS.

6. The requirements of Sections IV.A.8. through 12. are met.

SECTION V: CORRECTION PROCEDURES

A. 1. The ECO shall monitor Covered Transactions and shall determine whether a particular Covered Transaction constitutes a Violation. The ECO shall notify the IM within five (5) business days following the discovery of any Violation.

2. The ECO shall make an initial determination as to how to correct a Violation and place the conclusion of such determination in writing, with such conclusion disclosed to the IM within five (5) business days of the placing of the conclusion of such determination in writing. Following the initial determination, the ECO must keep the IM apprised on a current basis of the process of correction and must consult with the IM regarding each Violation and the appropriate form of correction. The ECO shall report the correction of the Violation to the IM within five (5) business days following completion of the correction. For purposes of this Section V.A.2., "correction" must be consistent with ERISA section 502(i) and Code section 4975(f)(5).

3. The IM shall determinate whether it agrees that the correction of a Violation by the ECO is adequate and shall place the conclusion of such determination in writing, and, if the IM does not agree with the adequacy of the correction, the

IM shall have the authority to require additional corrective actions by BlackRock.

4. A summary of Violations and corrections of Violations will be in the IM's annual compliance report as described in Section II.E.12.

B. *Special Correction Procedure*

1. If a Covered Transaction which would otherwise constitute a Violation is corrected under this "Special Correction Procedure," such Covered Transaction shall continue to be exempt under Section I of this exemption.

2. (a) The Special Correction Procedure is a complete correction of the Violation no later than fourteen (14) business days following the date on which the ECO submits the quarterly report to the IM for the quarter in which the Covered Transaction first would become a non-exempt prohibited transaction by reason of constituting a Violation if not for this Section V.B.

(b) Solely for purposes of the Special Correction Procedure, "correction" of a Covered Transaction which would otherwise be a Violation means either:

(i) restoring the Client Plan to the position it would have been in had the conditions of the exemption been complied with;

(ii) correction consistent with ERISA section 502(i) and Code section 4975(f)(5); or

(iii) correction consistent with the Voluntary Fiduciary Correction Program.**39**

(c) Other than with respect to the definition of "correction" specified above, when utilizing the Special Correction Procedure the ECO and the IM shall comply with Section V.A.

SECTION VI: DEFINITIONS**40**

A. "1933 Act" means the Securities Act of 1933, as amended.

B. "1934 Act" or "Exchange Act" means the Securities Exchange Act of 1934, as amended.

39 PTE 2002-51, 67 FR 70623 (November 25, 2002), as amended, 71 FR 20135 (April 19, 2006).

40 The definition of terms herein shall apply equally to the singular and plural forms of the terms defined. Section headings are for convenience only.

C. "1940 Act" means the Investment Company Act of 1940, as amended.

D. "\$50 Million Net Asset Requirement" shall have the meaning set forth in Section IV.A.8. of this exemption.

E. "\$100 Million Net Asset Requirement" shall have the meaning set forth in Section IV.A.8. of this exemption.

F. "ABCP Conduit" means a special purpose vehicle that acquires assets from one or more originators and issues commercial paper to provide funding to the originator(s). Such vehicles are typically administered by a bank, but is not required to be administered by a bank, which provides liquidity support (standing ready to purchase the conduit's commercial paper if it cannot be rolled over) and/or credit support (committing to cover losses in the event of default). The program administrator also typically acts as placement agent for the commercial paper, sometimes together with one or more other placement agents. Commercial paper issued by such a conduit may be purchased directly from the program administrator or other placement agent, or traded on the secondary market with another broker-dealer making a market in the Securities.

G "Acquisition" means the acquisition by BlackRock of Barclays Global Investors UK Holdings, Ltd. and its subsidiaries on December 1, 2009.

H. "Affiliate" of another person means:

(1) Any person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with such person;

(2) Any officer, director, partner, employee, or relative (as defined in section 3(15) of ERISA) of such other person; and

(3) Any corporation or partnership of which such other person is an officer, director, partner or employee.

I. "Arranger" means a sophisticated financial institution, such as a commercial or investment bank, regularly engaged in structuring commercial loans.

J. "Asset-Backed Securities" means Securities which are pass-through certificates or trust certificates characterized as equity pursuant to 29 CFR 2510.3-101 that represent a beneficial ownership interest in the assets of an issuer which is a trust, with any such trust limited to (1) a single or multi-family residential or commercial mortgage investment trust, or (2) a

motor vehicle receivable investment trust, and which entitles the holder to payments of principal, interest and/or other payments made with respect to the assets of the trust, the corpus or assets of which consist solely or primarily of secured obligations that bear interest or are purchased at a discount. For purposes of Section IV.A. of this exemption, excluding Section IV.A.5., Asset-Backed Securities are treated as debt Securities.

K. "Assigned Loan" has the meaning set forth in Section III.W.1. of this exemption.

L. "authorizing fiduciary" has the meaning set forth in Section III.M.4(d)(i) of this exemption.

M. "Automated Trading System" or "ATS" means an electronic trading system, ECN or electronic clearing network or similar venue that functions in a manner intended to simulate a Securities exchange by electronically matching orders from multiple buyers and sellers, such as an "alternative trading system" within the meaning of the SEC's Reg. ATS (17 CFR part 242.300), as such definition may be amended from time to time, or an "automated quotation system" as described in Section 3(a)(51)(A)(ii) of the 1934 Act.

N. "BlackRock" means BlackRock, Inc. and any successors thereof.

O. "BlackRock Entity" means BlackRock and any entity directly or indirectly, through one or more intermediaries, under the control of BlackRock, and any other entity which subsequently becomes directly or indirectly, through one or more intermediaries, under the control of BlackRock, and successors of the foregoing.

P. "BlackRock Manager" means any bank, investment advisor, investment manager directly or indirectly, through one or more intermediaries, under the control of BlackRock, and any other bank, investment advisor, or investment manager which subsequently becomes directly or indirectly, through one or more intermediaries, under the control of BlackRock, and successors of the foregoing, including but not limited to BlackRock Advisors, LLC, BlackRock Financial Management, Inc., BlackRock Capital Management, Inc., BlackRock Institutional Management Corporation, BlackRock International, Ltd., BlackRock Realty Advisors, Inc., BlackRock Investment Management, LLC, BlackRock Fund Advisors, and BlackRock Institutional Trust Company, N.A. and any of the investment advisors and investment manager it controls.

Q. "Board" means the Board of Directors of BlackRock.

R. "Borrower Rating" means, solely for purposes of Section III.W. of this exemption, a rating assigned by a Rating Organization to a borrowing entity reflecting such borrower's overall capacity and willingness to meet its financial obligations. More specifically, a Borrower's Rating generally refers to the borrower's ability and willingness to meet senior, unsecured obligations.

S. "Buy-Up" means an initial acquisition of Securities issued by BlackRock by a BlackRock Manager, if such acquisition exceeds one percent (1%) of the aggregate daily trading volume for such Security, for an Index Account or Fund, or a Model-Driven Account or Fund which is necessary to bring the fund's or account's holdings of such Securities either to its capitalization-weighted or other specified composition in the relevant Index, as determined by the organization maintaining such Index, or to its correct weighting as determined by the Model.

T. "Client Plan" means any plan subject to ERISA section 406, Code section 4975 or FERSA section 8477(c) for which a BlackRock Manager is a fiduciary as described in ERISA section 3(21), including, but not limited to, any Pooled Fund, MPS Plan, Index Account or Fund, Model-Driven Account or Fund, Other

Account or Fund, or In-House Plan, except where specified to the contrary.

U. "CMBS" means an Asset-Backed Security with respect to which the assets or corpus of the issuer consist solely or primarily of obligations secured by commercial real property (including obligations secured by leasehold interests on commercial real property).

V. "Code" means the Internal Revenue Code of 1986, as amended.

W. "control" means the power to exercise a controlling influence over the management or policies of a person other than an individual.

X. "Covered Transaction" means each transaction set forth in Section III by a BlackRock Manager for a Client Plan with, affecting or involving, directly or indirectly, an MPS and/or a BlackRock Entity.

Y. "Creation Shares" means new shares in an ETF created by an exchange of a specified basket of Securities and/or cash to the ETF for such new shares of the ETF.

Z. "ECO Function" means the ECO and such other BlackRock Entity employees in legal and compliance roles working under the

supervision of the ECO in connection with the Covered Transactions. The list of BlackRock Entity employees shall be shared with the IM from time to time, not less than quarterly, and such employees will be made available to discuss the relevant Covered Transactions with the IM to the extent the IM or the ECO deem it reasonably prudent.

AA. "Electronic Communications Network" or "ECN" means an electronic system described in Rule 600(b)(23) of Regulation NMS under the 1934 Act.

BB. "Eligible Rule 144A Offering" shall have the same meaning as defined in SEC Rule 10f-3(a)(4) (17 CFR 270.10f-3(a)(4)) under the 1940 Act.

CC. "Eligible Securities Depository" means an eligible securities depository as that term is defined under Rule 17f-7 of the 1940 Act, as such definition may be amended from time to time.

DD. "EPP Correction" has the meaning set forth in Section II.C. of this exemption.

EE. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

FF. "ETF" means an exchange-traded open-end investment company registered under the 1940 Act.

GG. "Exemption Compliance Officer" or "ECO" means an officer of BlackRock or of a BlackRock Entity appointed by BlackRock or such BlackRock Entity, subject to the approval of the IM, who is responsible for compliance with the exemption. The ECO, unless otherwise stated in this exemption, will be responsible for: monitoring all Covered Transactions and reviewing compliance with all of the conditions of the exemption applicable thereto; approving certain Covered Transactions in advance as required by the terms of the exemption; reviewing reports of Covered Transactions and the results of sampling of Covered Transactions; and determining when Covered Transactions transgress the EPPs and/or constitute a Violation.

HH. "Exemption Policies and Procedures" or "EPPs" means the written policy adopted and implemented by BlackRock for BlackRock Entities that is reasonably designed to ensure compliance with the terms of the exemption. The EPPs must reflect the specific requirements of the exemption, but must also be designed to ensure that the decisions to enter into Covered Transactions on behalf of Client Plans with the MPSs are in the interests of Client Plans and their participants and beneficiaries, including by ensuring to the extent possible that

the terms of each Covered Transaction are at least as favorable to the Client Plan as the terms generally available in comparable arm's length transactions with unrelated parties.

II. "Facility Rating" means, solely for purposes of Section III.W. of this exemption, a rating assigned by a Rating Organization to a specific loan, note or other financial obligation, a specific class of financial obligations, or a specific financial program within a borrower's capital structure. The rating on a specific loan facility or other issue may reflect positive or negative adjustments relative to the borrower's rating for (1) the presence of collateral, (2) explicit subordination, or (3) any other factors that affect the payment priority, expected recovery, or credit stability of the specific issue.

JJ. "FarmerMac" means the Federal Agricultural Mortgage Corporation.

KK. "FERSA" means the Federal Employees' Retirement System Act of 1986, as amended.

LL. "FHLMC" means the Federal Home Loan Mortgage Corporation.

MM. "Fixed Income Obligations" means: (1) fixed income obligations including structured debt or other instruments

characterized as debt pursuant to 29 CFR 2510.3-101, including, but not limited to, debt convertible into equity, certificates of deposit and loans (other than loans described in Section III.W. with respect to which an MPS is an Arranger) and (2) guaranteed governmental mortgage pool certificates within the meaning of 29 CFR 2510.3-101(i). Asset-Backed Securities are not Fixed Income Obligations for purposes of this exemption.

NN. "FNMA" means the Federal National Mortgage Association.

OO. "Foreign Bank" means an institution that has substantially similar powers to a bank as defined in section 202(a)(2) of the Investment Advisers Act, as amended, has as of the last day of its most recent fiscal year, equity capital which is the equivalent of no less than \$200 million, and is subject to:

(1) (a) registration and regulation, as applicable, under the laws of the United Kingdom, or (b)(i) registration and regulation by a securities commission of a Province of Canada that is a member of the Canadian Securities Administration, and (ii) is subject to the oversight of a Canadian self-regulatory authority; or

(2) regulation by the relevant governmental banking agency(ies) of a country other than the United States and the regulation and oversight of these banking agencies were applicable to a bank that received: (a) an individual exemption, granted by the Department under section 408(a) of ERISA, involving the loan of Securities by a plan to a bank or (b) a final authorization by the Department to engage in an otherwise prohibited transaction pursuant to PTE 96-62, as amended, involving the loan of Securities by a plan to a bank. On the date this exemption becomes effective, the following countries shall qualify for purposes of this clause (2): United Kingdom, Canada, Germany, Japan, Australia, Switzerland, France, the Netherlands and Sweden.

PP. "Foreign Broker-Dealer" means a broker-dealer that has, as of the last day of its most recent fiscal year, equity capital that is the equivalent of no less than \$200 million and is:

(1) Registered and regulated under the laws of the United Kingdom;

(2) Registered and regulated by a securities commission of a Province of Canada that is a member of the

Canadian Securities Administration, and is subject to the oversight of a Canadian self-regulatory authority; or

(3) Registered and regulated under the relevant Securities laws of a governmental entity of a country other than the United States and such Securities laws and regulation were applicable to a broker-dealer that received: (a) an individual exemption, granted by the Department under section 408(a) of ERISA, involving the loan of Securities by a plan to a broker-dealer or (b) a final authorization by the Department to engage in an otherwise prohibited transaction pursuant to PTE 96-62, as amended, involving the loan of Securities by a plan to a broker-dealer. On the date this exemption becomes effective, the following countries shall qualify for purposes of this clause

(2): United Kingdom, Canada, Germany, Japan, Australia, Switzerland, France, the Netherlands and Sweden.

QQ. "Foreign Collateral" means:

(1) Securities issued by or guaranteed as to principal and interest by the following Multilateral Development Banks, the obligations of which are backed by the participating countries, including the United States: The International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African

Development Bank, the European Bank for Reconstruction and Development and the International Finance Corporation;

(2) Foreign sovereign debt Securities provided that at least one nationally recognized statistical rating organization has rated in one of its two highest categories either the issue, the issuer or guarantor;

(3) The British pound, the Canadian dollar, the Swiss franc, the Japanese yen or the Euro;

(4) Irrevocable letters of credit issued by a Foreign Bank, other than the borrower or an affiliate thereof, which has a counterparty rating of investment grade or better as determined by a nationally recognized statistical rating organization; or

(5) Any type of collateral described in Rule 15c3-3 of the 1934 Act as amended from time to time provided that the lending fiduciary is a U.S. Bank or U.S. Broker-Dealer and such fiduciary indemnifies the plan with respect to the difference, if any, between the replacement cost of the borrowed Securities and the market value of the collateral on the date of a borrower default plus interest and any transaction costs which a plan may incur or suffer directly arising out of a borrower default. Notwithstanding the foregoing, collateral described in any of

the categories enumerated in section V(e) of Prohibited Transaction Exemption 2006-16 will be considered U.S. Collateral for purposes of the exemption.

RR. "Foreign Exchange Transaction" means the exchange of the currency of one nation for the currency of another nation, or a contract for such an exchange. The term Foreign Exchange Transaction includes option contracts on foreign exchange transactions. Foreign Exchange Transactions may be either "spot", "forward" or "split" depending on the settlement date of the transaction.

SS. "GNMA" means the Government National Mortgage Association.

TT. "Independent Monitor" or "IM" means an individual or entity appointed by BlackRock to carry out certain functions set forth in Sections II, III and V of the exemption and who (or which), given the number of types of Covered Transactions and the number of actual individual Covered Transactions potentially covered by the exemption, must be knowledgeable and experienced with respect to each Covered Transaction and able to demonstrate sophistication in relevant markets, instruments and trading techniques relative thereto, and, in addition, must understand and accept in writing its duties and responsibilities under ERISA and the exemption with respect to the Client Plans. The

IM must be independent of and unrelated to BlackRock and any MPS. For purposes of this exemption, such individual or entity will not be deemed to be independent of and unrelated to BlackRock and the MPSs if:

(1) Such individual or entity directly or indirectly controls, is controlled by, or is under common control with BlackRock or an MPS;

(2) Such individual or entity, or any employee thereof performing services in connection with this exemption, or an officer, director, partner, or highly compensated employee (as defined in Code section 4975(e)(2)(H)) thereof, is an officer, director, partner or highly compensated employee (as defined in Code section 4975(e)(2)(H)) of BlackRock or an MPS; or any member of the business segment performing services in connection with this exemption is a relative of an officer, director, partner or highly compensated employee (as defined in Code section 4975(e)(2)(H)) of BlackRock or an MPS.

However, if an individual is a director of the IM and an officer, director, partner or highly compensated employee (as defined in Code section 4975(e)(2)(H)) of BlackRock or an MPS, and if he or she abstains from participation in any of the services performed by the IM under this exemption, then this Section VI.00.(2) shall not apply.

For purposes of this Subsection , the term officer means a president, any senior vice president in charge of a principal business unit, division or function (such as sales, administration, or finance), or any other officer who performs a policy-making function for the IM, BlackRock, or an MPS.

(3) The IM directly or indirectly receives any compensation or other consideration for the IM's personal account in connection with any Covered Transaction, except that the IM may receive compensation from BlackRock for acting as IM as contemplated herein if the amount or payment of such compensation is reasonable and not contingent upon or in any way affected by any decision made by the IM while acting as IM; or

(4) The annual gross revenue received by the IM, during any year of its engagement, from the MPSSs and BlackRock Entities for all services exceeds the greater of (a) five percent (5%) of the IM's annual gross revenue from all sources for its prior tax year, or, (b) one percent (1%) of the annual gross revenue of the IM and its majority shareholder from all sources for their prior tax year.

UU. "Index" means an equity or debt Securities or commodities index that represents the investment performance of a specific segment of the market for equity or debt Securities

or commodities in the United States and/or an individual foreign country or any collection of foreign countries, but only if—

(1) The organization creating and maintaining the index is:

(a) engaged in the business of providing financial information, evaluation, advice or Securities brokerage services to institutional clients,

(b) a publisher of financial news or information, or

(c) a public Securities exchange or association of Securities dealers; and

(2) The index is created and maintained by an organization independent of all BlackRock Entities. For purposes of this definition of "Index," every BlackRock Entity is deemed to be independent of every MPS.

(3) The index is a generally accepted standardized index of Securities or commodities which is not specifically tailored for the use of a BlackRock Manager(s).

(4) If the organization creating, providing or maintaining the Index is an MPS:

(a) such Index must be widely-used in the market by independent institutional investors other than pursuant to an investment management or advisory relationship with a BlackRock Manager, and must be prepared or applied by such MPS in the same manner as for customers other than a BlackRock Manager(s);

(b) BlackRock must certify to the ECO whether, in its reasonable judgment, such Index is widely-used in the market. In making this determination, BlackRock shall take into consideration factors such as (i) publication of summary Index information by the MPS providing the Index, Bloomberg, Reuters, or a similar institution involved in the dissemination of financial information, and (ii) delivery of Index information including but not limited to Index component information by such MPS to clients or other subscribers including by electronic means including via the internet;

(c) BlackRock must notify the ECO if it becomes aware that: (i) such Index is operated other than in accordance with objective rules, in the ordinary course of business, (ii) manipulation of any such Index has occurred for the purpose of benefiting BlackRock, or (iii) in the event that any rule change occurred in connection with the rules underlying such Index, such rule change was made by the MPS for the purpose of benefiting BlackRock; provided, however, this Subsection

(c)(iii) expressly excludes instances where the rule changes were made in response to requests from clients/prospective clients of BlackRock even if BlackRock is ultimately hired to manage such a portfolio (e.g., if plan sponsor X requests a "Global ex-Sudan Fixed Income Index", an MPS decides to sponsor such index and plan sponsor X approaches BlackRock or otherwise issues a "Request for Proposal" for investment managers who could manage an index portfolio benchmarked to the Global ex-Sudan Fixed Income Index).

(d) BlackRock must certify to the ECO annually that it is not aware of the occurrence of any of the events described in Section VI.PP.(4)(c), and if BlackRock cannot so certify, or if BlackRock provides the ECO with the notice described Section VI.PP.(4)(c), the ECO shall notify the IM, and the IM must take appropriate remedial action which may include, but need not be limited to, instructions for relevant BlackRock Managers to cease using such Index.

VV. "Index Account or Fund" means any investment fund, account or portfolio sponsored, maintained, trustee'd, or managed by a BlackRock Manager or a BlackRock Entity, in which one or more Client Plans invest, and –

(1) which is designed to track the rate of return, risk profile and other characteristics of an Index by either (i)

replicating the same combination of Securities or commodities which compose such Index or (ii) sampling the Securities or commodities which compose such Index based on objective criteria and data;

(2) for which the BlackRock Manager does not use its discretion, or data within its control, to affect the identity or amount of Securities or commodities to be purchased or sold;

(3) that contains "plan assets" subject to either ERISA section 406, Code section 4975 or FERSA section 8477(c); and,

(4) that involves no agreement, arrangement, or understanding regarding the design or operation of the Index Account or Fund which is intended to benefit a BlackRock Entity or an MPS, or any party in which a BlackRock Entity or an MPS may have an interest.

For purposes of this definition of "Index Account or Fund", every BlackRock Entity is deemed to be independent of each MPS.

WW. "In-House Plan" means an employee benefit plan that is subject to ERISA section 406 and/or Code section 4975, and that is sponsored by a BlackRock Entity for its employees.

XX. "Interbank Rate" means the interbank bid and asked rate for foreign exchange transactions of comparable size and maturity at the time of the transaction as quoted on a nationally recognized service for facilitating foreign currency trades between large commercial banks and Securities dealers.

YY. "know" means to have actual knowledge. BlackRock Managers will be deemed to have actual knowledge of information set forth in a written agreement or offering document as of the date the BlackRock Manager receives such agreement or document.

ZZ. "Lead Arranger" means, with respect to any Loan Offering involving more than one Arranger, the Arranger designated as such by all of such Arrangers.

AAA. "Loan" means, solely for purposes of Section III.W. of this exemption, a delivery by a lender and receipt by a commercial borrower of a sum of money to fund current and ongoing operations or a specific transaction upon agreement that such borrower is to repay it upon agreed terms. For the avoidance of doubt, this term does not include any Fixed Income Obligations which are covered separately under Section IV.A. of this exemption.

BBB. "Loan Offering" means, with respect to the aggregate principal amount of any Loan extended to a commercial borrower

in any single transaction, the process of structuring, marketing and offering to banks, insurance companies, investment funds and other institutional investors the opportunity to purchase interests in such Loan.

CCC. "Model" means a computer model that is based on prescribed objective criteria using independent data not within the control of a BlackRock Entity to transform an Index.

DDD. "Model-Driven Account or Fund" means any investment fund, account or portfolio sponsored, maintained, trustee'd, or managed by a BlackRock Manager or a BlackRock Entity in which one or more Client Plans invest, and –

(1) which is composed of Securities or commodities the identity of which and the amount of which are selected by a Model;

(2) that contains "plan assets" subject to either ERISA section 406, Code section 4975 or FERSA section 8477(c); and

(3) that involves no agreement, arrangement, or understanding regarding the design or operation of the Model-Driven Account or Fund or the utilization of any specific objective criteria which is intended to benefit a BlackRock

Entity or an MPS, or any party in which a BlackRock Entity or an MPS may have an interest.

For purposes of this definition of "Model-Driven Account or Fund," every BlackRock Entity is deemed to be independent of each MPS.

EEE. "MPS" or "Minority Passive Shareholder" means any of (1) Barclays PLC, (2) The PNC Financial Services Group, Inc., or (3) each entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with one or more of Barclays PLC (Barclays MPSs) or The PNC Financial Services Group, Inc., (PNC MPSs) (each of the PNC MPSs and the Barclays MPSs, an MPS Group) but excluding any and all BlackRock Entities.

FFF. "MPS Group" shall have the meaning set forth in the definition of MPS.

GGG. "MPS Plans" means an employee benefit plan(s) that is subject to ERISA section 406 and/or Code section 4975, and that is sponsored by an MPS for its employees.

HHH. "Other Account or Fund" means any investment fund, account or portfolio sponsored, maintained, trustee'd, or managed by a BlackRock Manager or a BlackRock Entity in which one or more Client Plans invest, and –

(1) which is not an Index Account or Fund or a Model-Driven Account or Fund; and

(2) that contains "plan assets" subject to either ERISA section 406, Code section 4975 or FERSA section 8477(c).

III. "Pooled Fund" means a common or collective trust fund or other pooled investment fund:

(1) in which Client Plan(s) invest;

(2) for which a BlackRock Manager exercises discretionary authority or discretionary control respecting the management or disposition of the assets of such fund(s); and

(3) that contains "plan assets" subject to either ERISA section 406, Code section 4975 or FERSA section 8477(c).

Solely for purposes of Section IV of this exemption, "Pooled Fund(s)" shall only include funds or trusts which otherwise meet this definition but which also are either (i) maintained by a BlackRock Entity or (ii) maintained by a person which is not a BlackRock Entity but is sub-advised by a BlackRock Manager, provided that with respect to a Pooled Fund described in (ii), (A) the fund or trust is either a bank-maintained common or collective trust fund or an insurance company pooled separate account that holds assets of at least

\$250 million, (B) the bank or insurance company sponsoring the Pooled Fund has total client assets under its management or control in excess of \$5 billion as of the last day of its most recent fiscal year, and shareholders' or partners' equity in excess of \$1 million, and (C) the decision to invest the Client Plan into the bank-maintained common or collective trust or insurance company pooled separate account and to maintain such investment is made by a Client Plan fiduciary which is not a BlackRock Entity. Such sub-advised Pooled Funds are sometimes referred to herein as "Sub-Advised Pooled Funds".

JJJ. "Qualified Institutional Buyer" or "QIB" shall have the same meaning as defined in SEC Rule 144A (17 CFR 230.144A(a)(1)) under the 1933 Act.

KKK. "QPAM Exemption" or "PTE 84-14" means Prohibited Transaction Exemption 84-14, as amended.

LLL. "Qualified Professional Asset Manager" or "QPAM" shall have the meaning set forth in Section VI(a) of the QPAM Exemption.

MMM. "Rating Organizations" means Standard & Poor's Rating Services, Moody's Investors Service, Inc., Fitch Ratings Inc., DBRS Limited, DBRS, Inc., or any similar agency subsequently

recognized by the Department as a Rating Organization or any successors thereto.

NNN. "Recognized Securities Exchange" means a U.S. securities exchange that is registered as a "national securities exchange" under section 6 of the 1934 Act, or a designated offshore securities market, as defined in Regulation S of the SEC (17 CFR part 230.902(b)), as such definition may be amended from time to time, which performs with respect to Securities the functions commonly performed by a stock exchange within the meaning of definitions under the applicable Securities laws (e.g., 17 CFR part 240.3b-16).

OOO. "Registered Investment Advisor" means an investment advisor registered under the Investment Advisors Act of 1940, as amended, that has total client assets under its management or control in excess of \$5 billion as of the last day of its most recent fiscal year and shareholders' or partners' equity in excess of \$1 million, as shown in the most recent balance sheet prepared within the two years immediately preceding a Covered Transaction, in accordance with generally accepted accounting principles.

PPP. "SEC" means the United States Securities and Exchange Commission.

QQQ. "Securities" shall have the same meaning as defined in section 2(a)(36) of the 1940 Act. For purposes of Section IV of this exemption, except as where specifically identified, Asset-Backed Securities are treated as debt Securities.

RRR. "Three Quote Process" means three bids or offers (either of which being sometimes referred to as quotes) are received by a trader for a BlackRock Manager each of which such quotes such trader reasonably believes is an indication that the dealer presenting the bid or offer is willing to transact the trade at the stipulated volume under discussion, and all material terms (including volume) under discussion are materially similar with respect to each other such quote. In selecting the best of three such quotes, a BlackRock Manager shall maintain books and records for the three firm bids/offers in a convention that it reasonably believes is customary for the specific asset class (such as "price" quotes, "yield" quotes or "spread" quotes). For example, corporate bonds are often quoted on a spread basis and dealers customarily quote the spread above a certain benchmark bond's yield (e.g., for a given size and direction such as a BlackRock trader may ask for quotes to sell \$1 million of a particular bond, dealer 1 may quote 50 bps above the yield of the 10 year treasury bond, dealer 2 might quote 52 bps above the yield of the 10 year treasury bond and dealer 3

might quote 53 bps above the yield of the 10 year treasury bond). If only two firm bids/offers can be obtained, the trade requires prior approval by the ECO and the ECO must inquire as to why three firm bids/offers could not be obtained. If in the case of a sale or purchase a trader for a BlackRock Manager reasonably believes it would be injurious to the Client Plan to specify the size of the intended trade to certain bidders, a bid on a portion of the intended trade may be treated as a firm bid if the trader documents (i) why the bid price is a realistic indication of the economic terms for the actual amount being traded despite the difference in the size of the actual trade and (ii) why it would be harmful to the Client Plan to solicit multiple bids on the actual amount of the trade. If a trader for a BlackRock Manager solicits bids from three or more dealers on a sale or purchase of a certain volume of Securities, and receives back three or more bids, but at least one bid is not for the full amount of the intended sale, if the price offered by the partial bidder(s) is less than the price offered by the full bidder(s), the trader may assume a full bid by the partial bidder(s) would not be the best bid, and the trader can consummate the trade, in the case of at least two full bids, with the dealer making the better of the full bids, or in the case of only one full bid, with the dealer making that full bid.

SSS. "Underwriter Exemption(s)" means a group of individual exemptions granted by the Department to provide relief for the origination and operation of certain asset pool investment trusts and the acquisition, holding and disposition by plans of Asset-Backed Securities representing undivided interests in those trusts. Such group of individual exemptions was collectively amended by Prohibited Transaction Exemption 2009-31, 74 FR 59001 (Nov. 16, 2009).

TTT. "U.S. Bank" means a bank as defined in section 202(a)(2) of the Investment Advisers Act, as amended.

UUU. "U.S. Broker-Dealer" means a broker-dealer registered under the 1934 Act or exempted from registration under section 15(a)(1) of the 1934 Act as a dealer in exempted government Securities (as defined in section 3(a)(12) of the 1934 Act).

VVV. "U.S. Collateral" means:

(1) U.S. currency;

(2) "government securities" as defined in section 3(a)(42)(A) and (B) of the 1934 Act;

(3) "government securities" as defined in section 3(a)(42)(C) of the 1934 Act issued or guaranteed as to principal or interest by the following corporations: The Federal Home Loan

Mortgage Corporation, the Federal National Mortgage Association, the Student Loan Marketing Association and the Financing Corporation;

(4) mortgage-backed Securities meeting the definition of a "mortgage related security" set forth in section 3(a)(41) of the 1934 Act;

(5) negotiable certificates of deposit and bankers acceptances issued by a "bank" as that term is defined in section 3(a)(6) of the 1934 Act, and which are payable in the United States and deemed to have a "ready market" as that term is defined in 17 CFR 240.15c3-1; or

(6) irrevocable letters of credit issued by a U.S. Bank other than the borrower or an affiliate thereof, or any combination, thereof.

WWW. "Violation" means a Covered Transaction which is a prohibited transaction under ERISA sections 406 or 407, Code section 4975, or FERSA section 8477(c) and which is not exempt by reason of a failure to comply with this exemption or another administrative or statutory exemption. To the extent that the non-exempt prohibited transaction relates to an act or omission that is separate and distinct from a prior otherwise exempt transaction that may relate to the same asset (e.g., a

conversion of a debt instrument into an equity instrument or a creditor's committee for a debt instrument), the Violation occurs only at the current point in time and no Violation shall be deemed to occur for the earlier transaction relating to the same asset (e.g., the initial purchase of the asset) that was otherwise in compliance with ERISA, the Code or FERSA.

EFFECTIVE DATE: This exemption is effective as of March 31, 2012, except that, with respect to Covered Transactions described in Section III.K. and S., the exemption is effective as of October 1, 2011.

Signed at Washington, DC, this 12 day of January, 2012.

Ivan Strasfeld
Director of Exemption
Determinations
Employee Benefits Security
Administration
U.S. Department of Labor

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